

2784. By Mr. KVALE: Petition of 59 farmers of Kandiyohi and Renville Counties, Minn., urging passage of farm relief legislation; to the Committee on Banking and Currency.

2785. Also, petition of members of the Congregational Church of Barnesville, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2786. Also, resolution of the Minnesota Conservation Commission, opposing any action on House bill 2833; to the Committee on Indian Affairs.

2787. Also, resolution of the Minnesota Conservation Commission, urging the Federal Government to remove debris, etc., from the waters of the upper Mississippi reservoirs because of their menace to navigation; to the Committee on Rivers and Harbors.

2788. By Mr. LINDSAY: Petition of National Committee on Wild Life Legislation, favoring the passage of Senate bills 2277, 2529, and 2633; to the Committee on Agriculture.

2789. Also, petition of Men's Energetic Club of Brown Memorial Baptist Church, Brooklyn, N.Y., urging the enactment of the Wagner-Costigan antilynching bill; to the Committee on the Judiciary.

2790. By Mr. LUNDEEN: Petition of the Farmer-Labor Association of Polk County, Minn., urging that the Frazier bill for refinancing farm loans be immediately passed; to the Committee on Banking and Currency.

2791. Also, petition of the Farmer-Labor Association of Polk County, Minn., opposing the Prince plan, or any other similar plan of merger of railroads; to the Committee on Interstate and Foreign Commerce.

2792. Also, petition of Branch 9, National Association of Letter Carriers, urging Congress to defeat wage reductions for postal employees; to the Committee on the Post Office and Post Roads.

2793. Also, petition of the St. Louis County Club and Farm Bureau Association, Gilbert, Minn., urging that the St. Lawrence Treaty be ratified; to the Committee on Foreign Affairs.

2794. Also, petition of the Farmers Educational and Co-operative Union of America, Big Stone Local, No. 160, Ortonville, Minn., urging that the Frazier bill, the Swank-Thomas bill, and the Wheeler bill be passed, and that Congress take upon itself their constitutional power to issue currency and regulate the value thereof; to the Committee on Coinage, Weights, and Measures.

2795. Also, petition of the Brown County Farm Bureau Association, Inc., Sleepy Eye, Minn., urging an immediate embargo on imports of all dairy products, fats, and oils; control over the manufacture of oleomargarine and butter substitutes; the elimination of diseased dairy cows; the use of a portion of the processing tax to meet the cost of a national disease-control program; and a further reduction of interest rates on loans to farmers; to the Committee on Agriculture.

2796. By Mr. MARTIN of Massachusetts: Memorial of the General Court of Massachusetts, relative to increasing immigration quotas so as to enable persecuted Jewish people in Germany to enter the United States; to the Committee on Immigration and Naturalization.

2797. By Mr. MEAD: Petition of the Ladies' Society of the Brotherhood of Locomotive Firemen and Enginemen, Holly Lodge, No. 70, Buffalo, N.Y., protesting against the plan for railroad consolidation; to the Committee on Interstate and Foreign Commerce.

2798. Also, petition of the Society of Polish Apothecaries, Buffalo, N.Y., urging adoption of legislation for protection of drug stores; to the Committee on Agriculture.

2799. By Mr. RUDD: Petition of National Committee on Wild-Life Legislation, favoring Senate bills 2277, 2529, and 2633; to the Committee on Agriculture.

2800. Also, petition of the Men's Energetic Club of Brown Memorial Baptist Church, 629 Herkimer Street, Brooklyn, N.Y., favoring the passage of the Wagner-Costigan antilynching bill; to the Committee on the Judiciary.

2801. By Mr. SINCLAIR: Petition of J. L. Maupin and 155 others of Minot, New Rockford, and other points in North Dakota, favoring House bill 7401 to limit the car

length of trains; to the Committee on Interstate and Foreign Commerce.

2802. By Mr. STRONG of Pennsylvania: Petition of the teachers of the Johnstown Senior High School, Johnstown, Pa., favoring Senate bill 2000; to the Committee on Interstate and Foreign Commerce.

2803. Also, petition of the Westmont Woman's Christian Temperance Union, Johnstown, Pa., favoring the Patman bill for the Federal supervision of motion pictures; to the Committee on Interstate and Foreign Commerce.

2804. By Mr. TAYLOR of Colorado: Petition of citizens of Dolores, Colo., urging legislative action for the remonetization of silver; to the Committee on Coinage, Weights, and Measures.

2805. Also, petition of citizens of Rico, Colo., urging legislative action for the remonetization of silver; to the Committee on Coinage, Weights, and Measures.

2806. By the SPEAKER: Petition of the city of Amarillo, Tex., regarding the demobilization of the Civil Works Administration; to the Committee on Agriculture.

## SENATE

WEDNESDAY, MARCH 7, 1934

(Legislative day of Wednesday, Feb. 28, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

### MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Hattigan, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 407. An act for the relief of Willie B. Cleverly;

S. 2277. An act to establish fish and game sanctuaries in the national forests;

S. 2461. An act to amend an act entitled "An act to give the Supreme Court of the United States authority to prescribe rules of practice and procedure with respect to proceedings in criminal cases after verdict"; and

S. 2529. An act to promote the conservation of wild life, fish, and game, and for other purposes.

### CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Kean	Robinson, Ark.
Ashurst	Couzens	Keyes	Robinson, Ind.
Austin	Cutting	King	Russell
Bachman	Davis	La Follette	Schall
Bailey	Dickinson	Lewis	Sheppard
Bankhead	Dill	Logan	Shipstead
Barbour	Duffy	Loneragan	Steiwer
Barkley	Erickson	Long	Stephens
Black	Fess	McAdoo	Thomas, Okla.
Bone	Fletcher	McCarran	Thomas, Utah
Borah	Frazier	McKellar	Thompson
Brown	George	McNary	Townsend
Bulkley	Gibson	Murphy	Trammell
Bulow	Glass	Neely	Tydings
Byrd	Goldsborough	Norris	Vandenberg
Byrnes	Gore	Nye	Van Nuys
Capper	Hale	O'Mahoney	Wagner
Caraway	Harrison	Overton	Walcott
Carey	Hatch	Patterson	Walsh
Clark	Hatfield	Pittman	Wheeler
Connally	Hayden	Pope	White
Coolidge	Hebert	Reed	
Copeland	Johnson	Reynolds	

Mr. HEBERT. I desire to announce that my colleague the senior Senator from Rhode Island [Mr. METCALF], the Senator from South Dakota [Mr. NORBECK], and the Senator from Delaware [Mr. HASTINGS] are necessarily absent.

Mr. LEWIS. I desire to announce that my colleague the junior Senator from Illinois [Mr. DIETERICH] and the Senator from South Carolina [Mr. SMITH] are unavoidably detained from the Senate, and that the Senator from Kansas [Mr. MCGILL] is absent because of a severe cold.

The VICE PRESIDENT. Ninety Senators have answered to their names. A quorum is present.

#### PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a telegram in the nature of a memorial from Olin West, secretary of the American Medical Association, Chicago, Ill., remonstrating on behalf of the association against the adoption of proposed legislation in House bill 6663, the independent offices appropriation bill, as passed by the Senate granting hospitalization and domiciliary care at Federal expense to all veterans who make oath to inability to pay for such care, irrespective of whether the disability, disease, or defect for which treatment is sought is or is not due to military service, which was ordered to lie on the table.

Mr. SHIPSTEAD presented the memorial of the Minnesota Humane Education Society (by its president), remonstrating against the passage of the so-called "Tugwell-Copeland pure food and drug bill", which was referred to the Committee on Commerce.

Mr. TYDINGS presented resolutions adopted by the board of directors of the Congregation Adath Jeshurun, of Philadelphia, Pa., favoring the passage of Senate Resolution 154 (submitted by Mr. TYDINGS), opposing alleged discriminations against Jews in Germany, which were referred to the Committee on Foreign Relations.

He also presented petitions of several citizens of Cleveland, Ohio, praying for the passage of Senate Resolution 154 (submitted by Mr. TYDINGS), opposing alleged discriminations against Jews in Germany, which were referred to the Committee on Foreign Relations.

Mr. COPELAND presented resolutions adopted by several women's organizations and petitions of sundry citizens of the State of New York praying for the passage of House bill 6097, providing higher moral standards for films entering interstate and foreign commerce, which were referred to the Committee on Interstate Commerce.

He also presented petitions of sundry citizens of the State of New York praying for the enactment of legislation relating to hours of labor and service, length of trains, and disposition of disputes between carriers and their employees, which were referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by Rome, N.Y., Post No. 2246, Veterans of Foreign Wars of the United States, protesting against the enactment of legislation limiting the freedom of speech and of the press, which was referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by the Property Owners Association, of Middle Village, Long Island, Inc., favoring lengthening the period of amortization of mortgage loans from the Home Owners' Loan Corporation to 25 years and the unconditional guaranty of the principal of bonds of the Corporation, which was referred to the Committee on Banking and Currency.

He also presented a petition of the Spuyten Duyvil Property Owners Association, of New York City, praying for the enactment of legislation to reduce the interest rate of 6 percent on loans on real estate made by the Home Owners' Loan Corporation, which was referred to the Committee on Banking and Currency.

He also presented a petition of sundry citizens of Hornell, N.Y., praying that the revaluation of gold be followed by an adequate issuance of currency, the restoration of silver to be used as money along with gold, and that new currency be used to cancel interest-bearing war bonds, which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by the St. Lawrence County subdistrict of the Dairymen's League Co-operative Association, Inc., of New York State, favoring the passage of legislation to prohibit the manufacture and sale of oleomargarine, which was referred to the Committee on Agriculture and Forestry.

He also presented a resolution adopted by the Democratic Club of the First Assembly District of the Borough of

Queens, Long Island City, N.Y., favoring the transportation and delivery of mail by Army and Navy airplanes and pilots, which was referred to the Committee on Post Offices and Post Roads.

He also presented two petitions of sundry citizens of Queens County, N.Y., praying for the enactment of legislation to repeal the Federal tax of 1 cent per gallon on gasoline, which were referred to the Committee on Finance.

He also presented a petition of sundry citizens of Queens County, N.Y., praying for the enactment of legislation incorporating the United States, to limit the printing and issuance of money and the control of credit to the Government only, and to discontinue the issuance of tax-exempt interest-bearing bonds to bankers, which was referred to the Committee on Finance.

He also presented a resolution adopted at Syracuse, N.Y., by the Onondaga County Holstein Club favoring a 5-percent tax on importations of all animal, vegetable, fish, or other fats or oils coming into competition with butterfat, which was referred to the Committee on Finance.

He also presented resolutions adopted by the Erie County Committee of the American Legion, of Buffalo, N.Y., to permit veterans sitting on adjudication boards to receive compensation, and remonstrating against the removal of the regional office of the Veterans' Administration from Buffalo to Batavia, N.Y., which were referred to the Committee on Finance.

He also presented a resolution adopted at New York City by the National Association of Manufacturers of the United States favoring the holding in abeyance of action on the Great Lakes-St. Lawrence Deep Waterway Treaty until a survey has been made covering expenses of operation, volume of traffic, savings in transportation costs, returns on and amortization of the investment, and other economic aspects involved, which was ordered to lie on the table.

He also presented a resolution adopted by the Massena Democratic Club, of Massena, N.Y., favoring the ratification of the Great Lakes-St. Lawrence Deep Waterway Treaty, which was ordered to lie on the table.

He also presented a resolution adopted by the Wayne County Committee, the American Legion, Department of New York, favoring the enactment of legislation providing for building the Navy to the strength permitted by the Washington and London Naval Treaties, which was ordered to lie on the table.

He also presented memorials of sundry citizens and organizations of the State of New York, remonstrating against the passage of legislation providing for building the Navy to the strength permitted by the Washington and London Naval Treaties, which were ordered to lie on the table.

#### FEDERAL EMERGENCY RELIEF IN ARIZONA

Mr. ASHURST presented a letter from the Assistant Federal Emergency Relief Administrator, which was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

FEDERAL EMERGENCY RELIEF ADMINISTRATION,  
Washington, February 28, 1934.

Hon. HENRY F. ASHURST,

United States Senate, Washington, D.C.

MY DEAR SENATOR ASHURST: I am in receipt of your letter of February 24. We are putting into Arizona for transient care something like \$250,000 per month, more than in any other State in the Union, more than we are putting into Mississippi, Arkansas, Louisiana, Tennessee, and Missouri combined.

Very truly yours,

AUBREY WILLIAMS,  
Assistant Administrator.

#### U.S.S. "CONSTITUTION"

Mr. WALSH. Mr. President, I present and ask to have printed in the RECORD and appropriately referred resolutions adopted by the House of Representatives of the Massachusetts General Court, petitioning the Secretary of the Navy to enshrine the U.S.S. *Constitution* as a national museum in its home port of Boston, Mass.

The resolutions were referred to the Committee on Naval Affairs and ordered to be printed in the RECORD, as follows:



THE COMMONWEALTH OF MASSACHUSETTS,  
OFFICE OF THE SECRETARY,  
Boston.

Resolutions relative to the U.S.S. Constitution

Whereas the U.S.S. Constitution was originally built in Boston at Hartts Shipyard, near what is now Constitution Wharf, and was rebuilt and restored at the Boston Navy Yard; and

Whereas it was through action by the people of Boston and of the Commonwealth of Massachusetts that said U.S.S. Constitution was saved from destruction; and

Whereas it is proposed that said ship be kept in Washington as a national museum; and

Whereas it is the desire of the citizens of Massachusetts that said ship be returned to its home port and kept there as a national museum: Therefore be it

*Resolved*, That the House of Representatives of the General Court of Massachusetts petitions the Secretary of the Navy of the United States requesting the Navy Department in its wisdom to enshrine the U.S.S. Constitution as a national museum in its home port of Boston; and be it further

*Resolved*, That a copy of these resolutions be sent forthwith by the secretary of the Commonwealth to the President of the United States, to the Secretary of the Navy, and to each United States Senator and Congressman from Massachusetts.

In the house of representatives, adopted March 1, 1934.

[SEAL] FRANK E. BRIDGMAN, Clerk.

A true copy.

Attest:

F. W. COOK,  
Secretary of the Commonwealth.

THE WORLD COURT

Mr. BARBOUR. Mr. President, I ask unanimous consent that a resolution adopted by the annual international relations dinner at Elizabeth, N.J., be printed in the RECORD and referred to the Committee on Foreign Relations.

There being no objection, the resolution was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

Resolution in favor of prompt completion of the adherence of the United States to the World Court, passed by a group of 250 citizens at the annual international relations dinner in Elizabeth, N.J., May 18, 1933

Whereas our Government is making a tremendous effort at this time, through an emergency program, to heal an economic condition resulting largely from the last war; and

Whereas the World Court, in the 11 years of its existence, by successfully settling 48 international disputes, has proved its practical value as a peaceful agency; and

Whereas 7 years have elapsed since the United States Senate, by a vote of 76 to 17, passed a resolution providing for the adherence of the United States to the World Court if five conditions were met; and

Whereas in the view of the Department of State and of such authoritative bodies as the American Bar Association these conditions have been entirely met by the three World Court treaties now awaiting the action of the United States Senate; and

Whereas public opinion has shown its impatience with the continued delay in settling this question, the most notable instance of this being the recent passage, by an overwhelming majority in both houses, of the New Jersey Legislature's resolution calling on the National Senate to complete our adherence to the World Court by ratifying the three pending treaties: Now, therefore, be it

*Resolved*, That this group of 250 citizens, gathered at the annual international relations dinner in Elizabeth, hereby declares its belief that it is contrary to sound legislative policy to postpone further settlement of such a vital issue as our adherence to the Court and urges the Senate to ratify at the earliest practicable moment, and with no reservation that will invalidate such action, the three World Court treaties now pending in the Senate.

REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Commerce, to which was referred the bill (S. 1194) to amend section 4 of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, as amended, reported it without amendment and submitted a report (No. 415) thereon.

Mr. WHEELER, from the Committee on Indian Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 236. An act to provide funds for cooperation with the school board at Queets, Wash., in the construction of a public-school building to be available to Indian children of the village of Queets, Jefferson County, Wash. (Rept. No. 416); and

S. 2891. An act to authorize turning over to the Indian Service vehicles, vessels, and supplies seized and forfeited for violation of liquor laws (Rept. No. 417).

Mr. WHEELER also, from the Committee on Indian Affairs, to which was referred the bill (S. 1826) for expenditure of funds for cooperation with the public-school board at Poplar, Mont., in the construction or improvement of public-school building to be available to Indian children of the Fort Peck Indian Reservation, Mont., reported it with an amendment and submitted a report (No. 418) thereon.

Mr. LOGAN, from the Committee on Military Affairs, to which was referred the bill (H.R. 2632) for the relief of Wilson G. Bingham, reported it with an amendment and submitted a report (No. 419) thereon.

Mr. STEPHENS, from the Committee on Claims, to which was referred the bill (S. 2898) conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on certain claims of George A. Carden and Anderson T. Herd against the United States, reported it with an amendment and submitted a report (No. 420) thereon.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 6th instant that committee presented to the President of the United States the enrolled bill (S. 1759) to revive and reenact the act entitled "An act granting the consent of Congress to the Mill Four Drainage District in Lincoln County, Oreg., to construct, maintain, and operate dams and dikes to prevent the flow of waters of Yaquina Bay and River into Nutes Slough, Boones Slough, and sloughs connected therewith", approved June 17, 1930.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. TYDINGS:

A bill (S. 2970) for the relief of George Edwin Godwin (with an accompanying paper); to the Committee on Naval Affairs.

A bill (S. 2971) granting a pension to Annie Cantwell (with accompanying papers); to the Committee on Pensions.

By Mr. COPELAND:

A bill (S. 2972) for the relief of John N. Knauff Co., Inc.; and

A bill (S. 2973) for the relief of First Lt. Walter T. Wilsey; to the Committee on Claims.

A bill (S. 2974) to incorporate the American National Institute (Prix de Paris) at Paris, France; to the Committee on the Library.

A bill (S. 2975) for the relief of Charles Wellesley Berrington; and

A bill (S. 2976) for the relief of Raymond Nelson Hickman; to the Committee on Naval Affairs.

By Mr. WHEELER:

A bill (S. 2977) granting a pension to Mary Lange; to the Committee on Pensions.

A bill (S. 2978) to amend the act of March 3, 1927, amending section 1 of the act of May 26, 1926, entitled "An act to amend sections 1, 5, 6, 8, and 18 of an act approved June 4, 1920, entitled 'An act to provide for the allotment of lands of the Crow Tribe, for the distribution of tribal funds, and for other purposes'"; and

A bill (S. 2979) to repeal the act approved March 3, 1927 (44 Stat.L. 1365) entitled "An act to amend section 1 of the act approved May 26, 1926, entitled 'An act to amend sections 1, 5, 6, 8, and 18 of the act approved June 4, 1920, entitled 'An act to provide for the allotment of lands of the Crow Tribe, for the distribution of tribal funds, and for other purposes'"; and to prevent the execution of competent grazing and farming leases in advance of the expiration of existing leases affecting said lands by competent Crow allottees and to make possible a unified system of leasing between competent and incompetent Crow allottees, and for other purposes; to the Committee on Indian Affairs.

By Mr. SHIPSTEAD:

A bill (S. 2980) to modify the effect of certain Chippewa Indian treaties on areas in Minnesota; to the Committee on Indian Affairs.

By Mr. NEELY:

A bill (S. 2981) to amend section 201 (a) of the Emergency Relief and Construction Act of 1932 so that the Reconstruction Finance Corporation may loan money to States, municipalities, and so forth, for the purchase of bridges and to operate and free the same from collection of tolls; to the Committee on Banking and Currency.

By Mr. VANDENBERG:

A bill (S. 2982) to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes; to the Committee on Territories and Insular Affairs.

#### INCLUSION OF CATTLE AS A BASIC COMMODITY—AMENDMENT

Mr. O'MAHONEY submitted an amendment intended to be proposed by him to the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes, which was ordered to lie on the table and to be printed.

E. BARRETT PRETTYMAN

Mr. TYDINGS. Mr. President, due to the fact that I have to be absent this afternoon when the nomination of Mr. Robert H. Jackson as general counsel for the Bureau of Internal Revenue, Income Tax Department, will come before the Senate, and inasmuch as his predecessor, Mr. E. Barrett Prettyman, is a constituent of mine, I feel it proper and appropriate that I should make a brief statement about Mr. Prettyman.

First, while I did not recommend Mr. Prettyman for this position at the time he was appointed, I was asked by the authorities whether or not his appointment would be agreeable to me. Knowing Mr. Prettyman to be a man of splendid legal attainments and of outstanding ability and integrity it was a pleasure for me to endorse his appointment.

When Mr. Prettyman took over the position of general counsel of the Income Tax Department of the Bureau of Internal Revenue he found there about 20,000 claims in litigation, involving over half a billion dollars of back taxes, which the Government sorely needed, because its financial plight at that time was so desperate that the compensation of veterans and Federal employees and others had to be cut in order to sustain, it was said, governmental credit. Mr. Prettyman immediately began a reorganization of the Income Tax Department, insofar as his duties applied to it, and evolved certain modes of procedure which were calculated to speed up the collection of these taxes which were in dispute.

I wish to call the attention of the Senate for just a moment to the situation which he faced. As I have said, there were about 20,000 claims in litigation or in dispute pending in that department. The amount of taxes in dispute was estimated to be about \$550,000,000, or over a half billion dollars. Mr. Prettyman has in the short while that he has been in charge of the legal end of the Income Tax Department speeded up greatly the machinery of collection; he has evolved a new set-up for the handling of these cases, and now there is some promise that these cases—some of which are 10, 12, or more years old—will be disposed of in the near future.

Bear in mind, Mr. President, we have been settling only about 1,800 claims a year; they have been accumulating over the past 5 or 6 or 8 years at the rate of 6,000 a year; and we have been settling only about 1,800, or a third of those which yearly are in dispute and come to the counsel for settlement. So that, if the old system had prevailed, in 5 or 6 or 8 more years the Bureau would have had 40 years' work ahead of it.

Mr. Prettyman faced that situation with ability, and the scheme he devised to collect the taxes in dispute and settle the cases has been accepted by the Treasury Department. I regret that he has tendered his resignation because, as I have said, he is a man well versed in the income tax laws,

a man of unimpeachable integrity and of outstanding ability in his profession.

However, the new Secretary of the Treasury, Mr. Morgenthau, for reasons best known to himself, wanted in that position a man whom he knew. He said he had nothing at all by way of criticism to say of Mr. Prettyman; that his work had been splendid; that he had applied himself with great diligence to the collection of the taxes and the settlement of the disputes, but he said he thought it was only fair, inasmuch as he had the ultimate and final responsibility in the matter, that he should have a man as general counsel whom he knew, and that for no other reason he was anxious to place Mr. Robert H. Jackson in the position because he had been associated with Mr. Jackson for some time in the past.

I rose to make the statement that I regret the Government has lost the services of so splendid a man as Mr. Prettyman in that office. I rose to make the statement because I should like it to be known from Mr. Morgenthau and others that there is not the slightest criticism of the conduct of that office under Mr. Prettyman. I should like it to be known that there is no cloud, no suspicion, no reasonable room for criticism of the conduct of the Income Tax Bureau under Mr. Prettyman. On the contrary, all authorities over and under him, so far as I know, are in accord that he has done an excellent piece of work in collecting the half billion dollars of back taxes which are 8, 10, and 12 years overdue, and that the plan he has evolved will be followed by his successor and by the Bureau.

Since Mr. Prettyman tendered his resignation in order to accommodate Mr. Morgenthau in his desire to have a man whom he knew, I opposed the confirmation of Mr. Jackson because I thought we were losing too good a man in that very vital department, a man who could not be approached, a man whose conduct is exemplary, a man who knows the income tax laws from beginning to end.

However, Mr. Prettyman does not care to remain in the office if Mr. Morgenthau, Secretary of the Treasury, does not wish him to do so. I am authorized to say that in accepting his resignation there is no reflection upon Mr. Prettyman from any source whatsoever in the Government.

While I have been displeased to see Mr. Prettyman surrender this important post, it is gratifying to know that his services are so outstanding that he has been offered the position of Corporation Counsel of the District of Columbia. While he does not care for that kind of work, yet at the request of the President he has been glad to undertake it. I know in that position he will make a record equal to that which he has already made in the Internal Revenue Bureau.

I felt that I owed it to Mr. Prettyman to make this statement in order that people might know there is no cloud of suspicion or reflection in any way upon him in tendering his resignation, but that his desire to cooperate with the new administration was the sole reason for that action.

#### GREAT LAKES-ST. LAWRENCE WATERWAY TREATY

Mr. WHEELER. Mr. President, I desire to announce at this time that tomorrow, at the first opportunity when I can obtain recognition, I shall address the Senate on the pending St. Lawrence Waterway Treaty.

#### VISIT OF PRINCE TOKUGAWA, OF JAPAN

Mr. COPELAND. Mr. President, I wish to make a brief verbal report on behalf of the Committee on Rules.

On Friday we had a visit from a very distinguished citizen of Japan, Prince Tokugawa. In view of the fact that the Senate was in recess on last Friday and Saturday, I escorted His Grace about the Capitol and showed him its various attractions. Also we visited the House of Representatives.

His Grace wished me to convey to the Senate his regrets that he did not meet Senators personally. I expressed to



him then, as I do now, our great regret that we were not in session to greet him and extend to him the privileges of the floor.

#### AMENDMENT OF AGRICULTURAL ADJUSTMENT ACT

Mr. O'MAHONEY. Mr. President, I desire to offer an amendment to the bill (S. 2732) to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes, and I ask unanimous consent to proceed for 2 or 3 minutes in explanation thereof.

The VICE PRESIDENT. Is there objection to the Senator proceeding as requested? The Chair hears none, and the Senator is recognized for the time designated.

Mr. O'MAHONEY. Mr. President, in June 1933 the Congress enacted the National Industrial Recovery Act. There is contained in it a provision known as section 208 which made an appropriation of \$25,000,000 to be used by the President of the United States under rules and regulations to be issued by him for the purpose of encouraging subsistence homesteading. In the language of that section the purpose was "to aid in the redistribution of the overbalanced population in industrial centers."

For many years the Federal Government through the Reclamation Service has been developing what are really very efficient subsistence homesteads but in a slightly different form. In my State and in other States in the West there are numerous reclamation projects constructed by the Federal Government, settled at the invitation of the Government by men and women of high standards. Those projects, some of which are devoted to the raising of sugar beets, are particularly successful. In the opinion of those who live on the homesteads and those of us who are familiar with them, they offer an ideal answer to the query which, so to speak, was before the Congress and in the mind of the President when this particular section of the National Industrial Recovery Act was adopted.

I have in mind one particular project, the North Platte project, the chief town of which in my State is Torrington. That project was settled by veterans of the World War who were invited by the Federal Government to take up the homesteads. They have been engaged in the raising of sugar beets. In the neighborhood of Riverton is another project of similar homesteads and at Powell is another. It is the feeling of the settlers who, under contract with the United States, have made their homes there, and certainly it is my feeling that any action by the Federal Government now which would undertake to cut down the opportunity of those settlers to continue the work in which they are engaged would amount almost to a breach of faith. It is with that thought in mind that I am presenting the amendment and soliciting the very earnest consideration of all Senators thereof.

Mr. President, I am advised that the area in reclamation projects now devoted to the raising of sugar beets is scarcely more than 10 percent of that in the country which is so utilized.

I ask that the amendment may be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The amendment is as follows:

On page 5, line 18, after the word "thereto", to insert the following: "Provided, however, That production of sugar beets upon any reclamation project constructed under the Reclamation Act shall not be curtailed: And provided further, That the Secretary of Agriculture may authorize the production of sugar beets upon any reclamation project construction of which was initiated prior to the approval of this act."

The VICE PRESIDENT. The amendment will be referred to the Committee on Finance and printed.

#### INCLUSION OF CATTLE AS A BASIC COMMODITY

The Senate resumed the consideration of the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes.

Mr. CONNALLY. Mr. President, on yesterday I outlined the provisions and the purposes of this measure, and it is

not my intention to consume much of the time of the Senate.

At this point I ask unanimous consent to have printed in the RECORD my remarks before the House committee during the hearings, and also my remarks before the Senate Committee on Agriculture and Forestry, when the bill was pending before that committee.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

[From hearing of Wednesday, Jan. 17, 1934, before the Committee on Agriculture of the House of Representatives]

STATEMENT OF HON. TOM CONNALLY, UNITED STATES SENATOR FROM THE STATE OF TEXAS

Senator CONNALLY. Mr. Chairman and gentlemen of the House Agriculture Committee, I want to thank you for this opportunity of appearing before the committee. I understand you are now considering a bill introduced by your chairman, Congressman JONES, to make cattle a basic agricultural commodity for the purposes of the Agricultural Adjustment Act. I want to say to the committee that I have introduced a similar bill in the Senate.

As you, perhaps, know better than I when this Agricultural Adjustment Administration bill was first proposed, the cattlemen, as I understand, by their own request, or at the request of the representatives of the industry, were omitted from the provisions of the measure. But since that time I have been convinced that there is now a change, almost a radical change, on the part of cattlemen with regard to the Agricultural Adjustment Administration and the possibility of aid to cattle thereunder.

Other agricultural commodities have been benefited tremendously. Speaking for cotton particularly, since I am very familiar with it, I think that the operation of the Agricultural Adjustment Act last year absolutely saved the cotton industry from disintegration and disaster. Its condition was already disastrous but there would have been an absolute holocaust in my State if it had not been for the program of relief adopted by the administration made possible under this act which put us back on the road to recovery at least.

Now wheat and a great many other agricultural commodities have been benefited, but cattle and the cattlemen are in a very bad situation. I have had telegrams from the president of the Texas and the Southwest Cattle Raisers Associations to the effect that according to their view 90 percent, and perhaps 95 percent of the cattlemen in my State want cattle included in the Agricultural Adjustment Act as a basic commodity.

The American National Livestock Association's executive committee, I believe, had a meeting at Albuquerque and from wires I received from the Texas members attending that meeting I am informed that of the 45 representing the Texas cattlemen attending that meeting 40 had voted to have cattle included as a basic commodity, and only 5 were voting against.

I also had wires from the Panhandle Cattle Raisers Association, from the Northeast Panhandle Hereford Association, with which you are very familiar, Congressman Jones, and I believe they are almost unanimous in wanting cattle included in this act as one of the basic commodities.

I believe if the committee will investigate further it will find that the cattle industry as a whole is very strongly in favor of having cattle brought within the purview of the Agricultural Adjustment Act.

Of course, I do not need to urge upon this committee the importance of taking some steps to relieve the cattlemen, but I do urge that the committee proceed with such hearings as you decide to have so that the bill may be reported for action of the House at an early date.

With reference to the suggestion for a tariff on the importation of canned goods as a means to relieve agriculture: When the last tariff bill was before the Senate I was a member of the Senate Finance Committee, and the amendment for increasing the tariff on live cattle was proposed by me, and adopted by the Senate, and agreed to by the House. While I am in favor of adequate protection for cattle, at the same time the volume imported is appreciably small compared with the volume produced, and I am convinced that no tariff legislation alone is going to remedy the situation, because the passage of a tariff measure for the further protection of cattle is not going to reach the spot in the present situation. Duties on canned meats ought to be raised. Now, as you know, on account of the foot-and-mouth disease in Argentina and other South American countries, we have had practically an embargo on cattle from the Argentine. I do not think that would apply to canned goods, but it does to live cattle, so that gate has been closed up.

There are very few cattle coming into the United States from Mexico; some cattle were being brought in, but the cost is almost prohibitive today and because of the international exchange condition they can hardly bring cattle in now.

The only measure that offers early help for the cattlemen is to be found in relief of the kind here proposed, and I am very strongly in favor of and urge this committee to include cattle as a basic commodity in the Agricultural Adjustment Act, and I believe I speak the sentiments of a majority of those in the industry.

The other basic commodities covered in the act have been taken care of or are being taken care of pretty well, and if cattle is not

a basic commodity or a basic agricultural industry it will be hard to find an industry that is basic.

Mr. Chairman, I am hoping that this committee will be able to complete its hearings very quickly on this bill and report it to the House recommending the inclusion of cattle in the act, as it was originally included when the measure first passed the House.

I believe I have expressed the attitude of the cattlemen of my State, have I not, Congressman KLEBERG?

Mr. KLEBERG. I think that is correct, Senator CONNALLY.

Senator CONNALLY. And so I hope very much that the committee will proceed and conclude its hearings on the bill, so there will be no delay in having cattle brought under the provisions of the Agricultural Adjustment Act and its administration.

I believe that a vast majority of the cattlemen are now in favor of including cattle. I just had a letter from a man in Houston, Tex., who is very active in the industry, and he stated that the cattlemen of that portion of the country and through south Texas, that the cattlemen were now anxious to bring cattle under the act as a basic commodity. I have had many wires and telegrams from the cattlemen in my State, and I believe that I am speaking the views of the vast majority of the cattlemen in urging the inclusion of cattle.

Mr. Chairman, I do not want to suggest to this committee what it should do, but I understand before any program can be worked out for the cattle industry we must have this legislation. Of course they might have their marketing agreement under the present act, but what we need is to have sufficient authority vested in the Department of Agriculture to put this program over; and I was going to suggest that this legislation be enacted, with the assurance on the part of the Department of Agriculture that before adopting the concrete manner in which the program was to be worked that a hearing be held to which all the cattlemen would be invited to give their views, because many of the interested parties will want to appear before the actual details of the plan are put into operation.

Mr. KLEBERG. May I suggest, Senator, that you include in your remarks a request that the Department of Agriculture express its attitude on the matter of the program to be worked out, and that before such a program is adopted that a hearing be held here in Washington on this question, to be attended by the cattlemen and that such a program be arrived at based on the suggestions and evidence presented at such a hearing.

Senator CONNALLY. Yes.

Mr. KLEBERG. If that meets with your suggestion.

Senator CONNALLY. I would be glad to do that. Mr. Chairman, I think it is hardly necessary for me to urge upon you the procedure to be followed.

The CHAIRMAN. I will state in that connection that Secretary Wallace is appearing before another committee this morning and if he gets through in time he expects to appear before us.

Senator CONNALLY. That matter can be covered by him.

The CHAIRMAN. Yes.

Senator CONNALLY. I was just going to suggest that you request either the Secretary of Agriculture or a representative of the Department to appear before the committee, and you can put that matter up to them.

The CHAIRMAN. I am sure that will be the procedure followed, as that is the usual method of the Department in developing these programs.

Senator CONNALLY. Yes. I was just suggesting that you get from the Department some assurance that if cattle are made a basic commodity under the act that the program would be worked out with those interested in the industry, by the representatives of the industry at a hearing.

I am sure that the Secretary when he appears before the committee will tell you that he is in favor of cattle being included under the Agricultural Adjustment Administration. I know what his attitude is with reference to the matter. I attended a meeting some time ago with representatives of farm groups and farm organizations in the office of the Secretary of Agriculture at which time this very matter was discussed, and the purpose of the meeting was to find out the sentiments of those groups with reference to putting cattle under the Agricultural Adjustment Administration, and the Secretary at the time submitted to the group his ideas for a plan or method in the very illuminating and interesting address he made advocating the giving to the Department of Agriculture a fund of \$200,000,000 with which to administer the beef cattle and the dairy cattle industry, on the theory that he would be able to recoup that amount through some processing tax or some other arrangement of that kind.

The CHAIRMAN. May I suggest, Senator, if you have the time, in order to get your reaction to it, that I understand there has been some insistence on the part of hog producers, especially, that cattle be taxed as a competing commodity. I am advised that has been deferred for the present for the reason that the cattle industry would not be able to pay it. And if they are required to pay a compensatory tax they will not be able to benefit from any of the proceeds of such a tax. In other words, it might be possible under the terms of the present law to tax cattle as a competing commodity but there is no authority to pay any of those benefits to cattle.

Senator CONNALLY. Yes.

The CHAIRMAN. And if such a tax is to be levied certainly it would be to the advantage of the cattle industry to have the total proceeds of such a tax so applied, under some program that might benefit the industry.

Senator CONNALLY. Yes.

The CHAIRMAN. In that connection, if a processing tax were levied on cattle, then a compensatory tax might be levied in addition to the tariff on imports of other commodities.

Senator CONNALLY. Yes.

The CHAIRMAN. For the protection of the domestic market, and through which the cattle industry would receive some advantage if it is made a basic commodity.

Senator CONNALLY. I agree entirely with you, Mr. Chairman, in the very clear statement you have made of the situation.

Of course, I do not believe we ought to tax cattle as a competing commodity with hogs, for the benefit of hogs, most certainly unless you are going to bring cattle within the range of benefits from the Agricultural Adjustment Administration. I cannot see why we should. Of course, the hog people would like to get the benefit that would accrue from an increase on cattle, but I do not see why one class of the farming people should be taxed for the benefit of another engaged in another branch of the same industry. I know there are certain reasons being urged for taxing one branch for the benefit of the distressed producer in another line, but I do not believe there ought to be a tax unless its operations will apply to all.

Now, Mr. Chairman, those are briefly my views, and I simply want to say that I am heartily in accord with the views of the chairman of the committee, with whom I have been cooperating, and with whom I shall continue to cooperate.

And I want to take this occasion to congratulate the committee in having as its chairman one of our own distinguished Texans and one who is familiar with these matters, and who has shown such a grasp of the whole situation.

Mr. MARSHALL. Mr. Chairman, I should like to ask the Senator a question.

The CHAIRMAN. Mr. Marshall.

Mr. MARSHALL. Senator Connally, I should just like to ask you if you would care to express an opinion whether the operation of the processing tax has been successful, so far as hogs are concerned, or whether it has caused a shift to the consumption of cattle or beef products.

Senator CONNALLY. Frankly, I do not know much about the hog program, because we do not produce hogs for the market in large volume, and I am not familiar with just how the processing tax has affected the consumption of pork. But, of course, any processing tax which increases the cost of an article has a tendency to decrease the consumption, just like the cost of any article; when the price goes up the use of it declines to a certain degree. But if you do not increase the price to the consumer you are not going to be able to raise the price to the producer. You have got to raise the price and, of course, the consumer will have to suffer, somewhere along the line; the consumer will have to pay more if it is going to do any good. So the effect of a processing tax, even though it must result in the consumer paying a little more for the article, if it does not result in an increase in the price to the consumer, we cannot get a better price to the producer.

Mr. KLEBERG. Senator, may I ask you another question?

Senator CONNALLY. Yes.

Mr. KLEBERG. There have been times when the market for cattle on the hoof was very good when there was no appreciable difference noted in the price to the consumer on the different types of meat. How would you explain that? In other words, when cattle or beef was at 8 cents the price of beefsteak per pound, or roast, and the other cuts, remained about the same; the housewife paid about the same, with very little change in price to her, regardless of the price of beef on the hoof.

Senator CONNALLY. Of course, that involves a good many factors. For instance, the packing industry is interested in maintaining a stable level, I assume, insofar as it can, on all products handled in that industry, so that it is not a question altogether of the price of livestock or of beef cattle on the hoof.

Then there are distributing factors, freight factors, and many other factors which would enter into that situation, as they do in any other situation. When a man rides on a Pullman and gets a steak and pays a dollar or a dollar and a half for it, naturally he must expect to pay for the service involved in furnishing him that service.

The cost of everything—distribution, freight rates, overhead, facilities for furnishing the service are all things that must be taken into consideration in arriving at the price of the finished product.

Mr. KLEBERG. The reason I asked that question was to bring out whether or not the Senator did not think that it is barely possible that the distributors of the commodity, those who are interested in beef and cattle, possibly were in position to absorb very largely a part of the processing tax on these various livestock products if it were found desirable to levy a processing tax.

Senator CONNALLY. I will say that they are bound, naturally, to absorb some of it. We always have a law that when an article reaches a certain level, at which the price becomes burdensome, its use falls off. For instance, take the gasoline tax. When you put a gasoline tax on of half a cent, immediately that is reflected in the market price of gasoline, and if the tax is increased to a cent a gallon, the consumption of gasoline will fall off a little more. That is true all over the country. Now, the same thing is true in other commodities. When the price of beef gets too high immediately the consumption falls off. Necessarily if the processing tax is an appreciable amount, resulting in additional cost to the consumer, the packers have got to absorb some of it at least, by reason of the fact that consumption is going to decrease to a certain extent, resulting in the falling off in their volume of business.



And, of course, the greater the volume of business the less the pro rata expense per pound in handling the commodity is.

Mr. FULMER. May I ask the Senator a question?

Senator CONNALLY. Yes.

Mr. FULMER. During the consideration of the Agricultural Adjustment Act last year I advised the committee at that time that the program would work 100 percent so far as cotton was concerned.

Senator CONNALLY. Yes.

Mr. FULMER. Because so far as its application to cotton is concerned there was a considerable demand for export cotton and cotton would bring a better price. In other words, they would have to take the cotton, and so far as its operation with cotton is concerned the users of cotton would not have an opportunity to beat down the price to the farmer; they have had to pass it on to the consumer. At that time I stated that I was perfectly willing to go along with the hog and wheat and other commodities included in the act, but I could not understand how we were going to keep the packer from taking the price, increased price by virtue of the processing tax out of the farmer unless we had a fixed price.

Senator CONNALLY. Yes.

Mr. FULMER. And that is the way the plan has worked out in my section. Of course, if we had fixed the price at 6 cents and then the packer had cut the farmer's price down to 5 cents we would have had the privilege of raising a tax, increasing the tax 1 cent, so that there would have been no advantage to the packer in cutting the price to the farmer, and therefore instead of passing this tax back to the farmer, resulting from the processing tax, naturally the packers would have passed it on to the consumer.

Senator CONNALLY. Yes.

Mr. FULMER. And without fixing the price at which hogs are to be sold, or for that matter, any other commodity, the principal part of which is consumed in this country, unless we fix the price we are going to be met with the same situation; the benefit will not be passed back to the farmer, but they will take this tax out of the price paid to the farmer and the producer will have to absorb the tax just as the farmers have had to absorb it on hogs.

Senator CONNALLY. Of course, you cannot avoid some problems. We might take some of the cattle out of production.

Mr. FULMER. At the same time it is my belief that with the experience of the Department in dealing with cotton they will be able to work out a program that will meet this situation.

Senator CONNALLY. Yes. The Department has been learning things. There were a lot of things for them to do. These matters were all new and had to be worked out, and I think the Department of Agriculture has learned a lot of things in the administration of these various programs.

I want to stress one thing which your chairman brought out, and that is this: That, insofar as importation is concerned, you put cattle under the Agricultural Adjustment Administration as a basic commodity and then give the power to the Department of Agriculture to go ahead to put such restrictions upon the importation of beef as may be necessary; with the addition of the processing tax which could be imposed, the industry could receive a benefit. You are going to get much quicker results in that way than you could through any tariff legislation.

If you proposed a tariff to meet this situation, the tariff legislation will be opened up all along the line. Once you undertake to legislate on the tariff any Member of the Senate can ask a revision of the tariff on any article and you would upset this whole program. The best way to get at this is through the Agricultural Adjustment Administration by giving the Department of Agriculture power to balance the situation through restriction of imports and through such imposition of processing taxes as may be necessary to protect the domestic market.

Of course, Congressman FULMER, a tax on cotton has resulted in raising the domestic price. That is the only way that you are going to raise the domestic price to the producer, increase the cost to the consumer. That is the only way we are going to be able to raise the farmer's price. We probably cannot raise the price to the farmer as much as is desirable, but it is necessary to increase the price to the consumer more than was being effected through the tariff. We can, through the process of this processing tax, raise the domestic price and give the people here at home, the farmer, a better price for his commodity and take out of production some of this surplus which has been competing with what the farmer has been raising, and which has been destroying the industry. That is the only way that it can be done.

Mr. FULMER. In other words, the farmer is put in the position whereby he can receive the benefit of his own production through a tax, a processing tax on his commodity.

Senator CONNALLY. Yes, sir.

Mr. FULMER. And at the same time reduce, as has been done, the production of cotton.

Senator CONNALLY. Yes. Congressman JONES had a bill in the House and I introduced a bill in the Senate, what was known as the "export-debenture plan." Now, the export-debenture plan turned the tariff around, and the tariff benefited the industry and benefited the importer. And, therefore, to get the industries in this country back to raising the cost and to make the people here at home pay more for those articles in order that the farmer may receive a better price, we simply turned the tariff around and, instead of saving that, the manufacturer was going to be able to charge the consumer a greater price because of the tariff protection he had on his output; we provided that the producer would receive a better price, require the processor to pay more, and pass that on to the consumer. In other words, we simply turned the tariff around through a device whereby the producer would receive more and the consumer would have to pay for that

export debenture, just as he has had to pay more by virtue of the tariff on the finished article.

Mr. FULMER. In other words, make the consumer pay just what he has paid heretofore?

Senator CONNALLY. Yes; the consumer has paid the increased cost just as he has been paying it for a hundred years in the case of the manufactured articles, and in the case of a great number of other commodities that have been imported into this country on which the farmer has been paying the price plus the tariff. They have had to pay that bounty, through the tariff, and the plan here provided is to give the benefit to the cattleman and to the farmer.

Mr. FULMER. Is it not a fact, Senator, that the program has been working out something like this, that as soon as we give the farmer a fair price for his commodities through the program of the National Recovery Administration, prices for the commodities which he purchases have increased so that the farmer after all is not benefiting as much as he otherwise would?

Senator CONNALLY. You are correct, Congressman FULMER. Of course, everything that the farmer buys is affected by the increase resulting through increase in wages, and the benefits to those engaged in the other industry resulting from the program of the National Recovery Administration.

Mr. FULMER. But is not the trouble this, that as fast as the Agricultural Committee here presents legislation and the Department of Agriculture and the Agricultural Adjustment Administration finds some way of doing something for the farmer, in raising his price, that the other industries, through the program of the National Recovery Administration are just placed in position to be a jump ahead of the farmer with the result that everything that the farmer has to buy has increased in price anywhere from 20 to 50 percent over what it was last year?

Senator CONNALLY. Well, I do not want to get into an argument about the other act, Congressman FULMER. But I am very much concerned in meeting this question of how we are going to help the cattlemen because I feel that something must be done for them, to offset whatever additional charges the cattleman has had to pay, and I believe the Department will be able to work out a program if we adopted the suggestion contained in this legislation.

The CHAIRMAN. Any further questions?

Mr. MITCHELL. Why was cattle stricken out from the original act as a basic commodity? I understand it was included originally in the bill.

Senator CONNALLY. I tried to make that clear. Evidently I did not make it clear when I first started. At the time the bill was pending in the Senate the cattlemen's position was represented by Senator Kendrick, of Wyoming, who was a very distinguished cattleman who was largely representing the cattle industry. He was on the Agricultural Committee in the Senate and was very much opposed to placing cattle in the Agricultural Adjustment Act, and most of the cattlemen, apparently, were opposed to it. They were afraid of getting into a program under which they might be taxed in some way. I do not remember all their reasons but at any rate, when the measure came up, cattle were excluded.

Since that time, however, there has been a radical and vital change of opinion among cattlemen, and I believe the overwhelming majority of them are now in favor of including cattle as a basic commodity in the Agricultural Adjustment Act.

Mr. Chairman, I wish to thank the committee for permitting me to appear before you. I beg your pardon for taking so much of your time.

The CHAIRMAN. Thank you very much, Senator CONNALLY, for your presentation.

Senator CONNALLY. I hope the committee will be able to report the bill forthwith and get it over to the Senate so we can act on it over there.

[From hearings of Friday, Feb. 9, 1934, before the Senate Committee on Agriculture and Forestry]

STATEMENT OF HON. TOM CONNALLY, A UNITED STATES SENATOR FROM THE STATE OF TEXAS

Senator CONNALLY. Mr. Chairman, I thank you for the courtesy of granting me this opportunity. I do not have any long, prepared statement with statistics, and so on.

This is the cattle bill. The committee was good enough the other day to report favorably a similar bill by me, and this is the House bill, and the reason I am asking that you also report this bill is that my bill, which was reported favorably, simply puts cattle under the Agricultural Act as a basic commodity. It did not include the clause which this bill carries making an authorization for an appropriation of \$200,000,000 to be recouped, of course, through processing taxes, and I was afraid if we did not report this I would not be able to take it up and substitute it for my bill when mine is reached on the calendar. There is no pride of authorship; I want to get the measure through. My idea was that my bill is already on the calendar, and when we got to my bill I would take it up and substitute the House bill for it; but if the House bill has not been reported by this committee, I am afraid I cannot do that.

Senator FRAZIER. Your bill did not carry the \$200,000,000?

Senator CONNALLY. No; but that part of it is the administration program. The Secretary of Agriculture is for it and everybody, so far as I know, is for it. It passed the House practically unanimously, so I should like to get this bill out and get it into shape so that I can take it up in lieu of my bill and get it right through.

Senator FRAZIER. This includes dairy cattle as well as beef cattle?



Senator CONNALLY. Yes; it includes dairy cattle, so that the dairy interests are for this as well as the cattle people.

In December I attended a meeting with the Secretary of Agriculture of the dairy and cattle interests, and at that time the Secretary of Agriculture proposed, in substance, this measure: First, to put cattle under the law as a basic commodity, under the act, and then to provide a fund to take care of dairy and cattle interests, to be recouped by a processing tax.

The cattle interests of the country are generally for this measure. My State is the biggest cattle State in the Union, and the president of the association there has wired me and written me that he thinks 90 percent of the cattle interests of our State are favorable to this measure. Recently at a meeting out in Albuquerque of the board of directors of the national association—and while the national association did not take any action because it felt that each State organization ought to express its views—there were 45 Texas cattlemen attending that convention, and 40 of them voted for this measure, expressing their approval of this bill, and 5 otherwise. So that is a pretty fair reflection of the sentiment of the cattlemen.

As you know, cattle is one agricultural product that has not done very well because it is not included. You remember, Mr. Chairman, a year ago the cattlemen themselves asked to be left out of the agricultural bill, and quite a change of sentiment has taken place, and I think if the committee would report this bill favorably and put it into shape where we could get early action on it, it would be a very good thing for the cattle industry.

Senator MCGILL. Senator, under the terms of your bill, the only reason for having the raising of cattle declared a basic industry would be to make it possible that a processing tax could be collected?

Senator CONNALLY. That is largely it; yes.

Senator MCGILL. Do you not understand that the cattle industry generally over the country are opposed to the processing tax on cattle or beef?

Senator CONNALLY. They are very largely, but that thing has been met in this way, Senator: While a great many of them are against the processing tax, yet they realize that something has got to be done about the cattle situation. Now, here is what is going to happen: They have had assurances, I understand, that the Secretary of Agriculture, after this bill shall have been enacted, will call a conference of all the dairy people and the cattlemen here or somewhere, and will undertake to work out a plan, under the act, of handling the situation which will be agreeable to the cattle people. As you know, the powers of the Secretary under the original act are very broad. He can do a lot of things, but the whole plan of this thing—the cattlemen have been here for some time conferring with the Secretary and his agents every day, and they have reached the point now where they think that the best thing that can be done is to pass this act, and after it is passed the Secretary then is going to have these conferences with the cattle people and try to work out something that will be satisfactory to them toward handling the situation.

Senator MCGILL. I am simply speaking from the knowledge I have from communications that I have had from my own State, and out there they seem to be opposed unalterably to a processing tax with reference to beef cattle. I can see that this is a different arrangement, and I can understand why mostly any industry would be willing to take an appropriation of this sort for its own benefit and probably its interest. I am not talking against it, but I think our people are opposed to a processing tax. They figure that a processing tax will be—

Senator CONNALLY (interposing). Will make beef higher.

Senator MCGILL. No; it will just be deducted from the price of the cattle.

Senator CONNALLY. It has a double effect, either way you take it, according to their view. Their view is that if you put it on cattle the consumer will eat hogs, pork, or something else; or if the producer pays it, it will come out of his pocket.

Senator MCGILL. Do you not think that a processing tax on beef cattle would be deducted from the price of the cattle rather than making cattle higher?

Senator CONNALLY. It probably would be a little of both.

Senator MCGILL. Do you not think it would fall right back on the producer?

Senator CONNALLY. To some extent. Probably a little of both. Let me say this to you, Senator: The packers are a big factor in this situation, and it is believed that, if the Secretary of Agriculture has some controlling power over the cattle situation, he can exact more consideration for the cattlemen from the packers than in any other way, because the packers are more or less a monopoly; and if the Secretary of Agriculture is given a little monopolistic power himself, he can probably make those boys act a little better than he can if we just turn them loose on the cattlemen. My information is that the packers made more money last year than they have made in any year for quite a considerable period of time. Well, that is all coming out of the cattlemen.

Senator CAPPER. They have collected a lot of it from the hog raisers.

Senator MCGILL. They have collected it from the men who produce hogs.

Senator CONNALLY. To be sure. That is the situation now.

Senator MCGILL. That did not help the hog producers.

Senator CONNALLY. That is the situation now; but if the Secretary of Agriculture is given a good deal of power in this and works out a plan that is agreeable to the cattle people, he can probably make those packers do a little jumping.

Senator MCGILL. Well, it seems to me that the beef-cattle industry and the hog-raising industry are a good deal in the same situation here.

Senator CONNALLY. That is true.

Senator MCGILL. If we are going to appropriate money for the benefit of the beef-cattle industry, we likewise should appropriate it for the hog industry. Why discriminate between the two?

Senator CONNALLY. I will say frankly, Senator, that the theory is that this sum will be gotten back into the Treasury through some method of processing tax which is hereafter to be worked out. The chances are it will not all get back into the Treasury, because of the law of abrasion there will be rubbed off part of this Government money.

Senator MCGILL. I think it is clear that even under the House bill the processing tax can be used, but the complaints I have had with reference to the pork industry indicates that the producer is the man who finally has to pay the tax.

Senator FRAZIER. Mr. Chairman, I think the House bill carrying this appropriation is an improvement on the Senator's bill.

Senator CONNALLY. Oh, yes; it is.

The CHAIRMAN. That is what he has come here to testify to.

Senator CONNALLY. When I originally introduced my bill, however, it was the understanding that this other was coming along. Congressman JONES, of my State, Chairman of the Committee on Agriculture in the House, and myself have been working absolutely in harmony. He introduced this the first day of the session, simply putting cattle under the Agricultural Adjustment Act as a basic commodity. Later on they worked out this plan of appropriation, so I did not amend my bill but waited till the House got its bill in shape, and I am now here asking the committee to report the House bill.

The CHAIRMAN. So that when his bill is reached on the calendar he can substitute the House bill for his bill.

Senator MCGILL. I agree that this is a better bill; that we had better provide for this appropriation. The only thing that is in my mind here is whether we should not make it possible to levy a processing tax; whether that is a detriment rather than a benefit, either to the hog or the cattle industry.

Senator FRAZIER. The Department is trying that processing tax out; and if they are going to try it out on hogs, it seems to me there would be the chance to make it more effective if we include cattle. I thought so last spring when we had the executive session and voted to put cattle in at that time.

Senator CONNALLY. Let me say, Senator MCGILL, that if they have the power to put the processing tax on, they do not have to do it; but if they go along and find later that it is necessary and they have got no power to do it under the legislation, then we are tied up again. So why not report the bill and give them the power and let them work it out with the cattle and dairy people?

Senator MCGILL. Would you have any objection to putting hogs, pork, under the same category here as you do cattle?

Senator CONNALLY. Are they not there now?

Senator FRAZIER. They are now.

Senator MCGILL. No. They have to have a processing tax, do they not?

Senator FRAZIER. They have; yes.

Senator MCGILL. In order to have any money. We are making an appropriation here for cattle and we are not for hogs.

The CHAIRMAN. But you must remember that hogs are already in the original bill. They are a basic industry.

Senator MCGILL. That is true.

The CHAIRMAN. And they are coming in to be taken care of just as this bill here provides, and they have apportioned in this bill \$200,000,000 for the purpose of putting that industry in the same category as the others.

Senator CAPPER. The processing tax is now paid by the hog raiser. The allotments here are to be paid out of the Public Treasury, which is all right with me.

Senator MCGILL. The point I am getting at is this: That it only applies to cattle—beef cattle and dairy cattle. Now, if we are going to appropriate money here for the cattle and dairy industries, I think we ought to appropriate it for the hog industry.

Senator CAPPER. They ought to be on the same basis.

Senator MCGILL. That is the point I am getting at. Would you have any objection to that?

Senator CONNALLY. I do not know hardly what to say about that. Of course, I should like to get the bill up just as it is, but I would have no objection to offering an amendment on the floor. I would not object to it. I should like to get this out quickly, so that we can get some action on it, because I have assurances of the leadership that we can get this bill up pretty promptly if we can get it out.

Senator BULOW. You do not know what the attitude of Secretary Wallace is toward it?

Senator CONNALLY. He is for it. As I stated a while ago, Senator, we had a meeting last December, and this is the Wallace plan. This is his proposal. He is thoroughly for it. We had a big meeting of the cattle and dairy men, and Secretary Wallace really proposed this. This is an administration measure.

Senator CAPPER. As it stands now, he is not planning to levy this processing tax on the cattle raiser.

Senator CONNALLY. He is going to call a conference, Senator, as soon as the bill is enacted, of the cattle and dairy people and work out some plan that they hope will be agreeable to all interests. I cannot say what that plan is going to be, but he cannot do that unless he has got this authority, Senator. Unless we pass this legislation he cannot do anything.



Senator CAPPER. There is a general protest throughout our part of the country against this processing tax being passed back to the producer.

Senator CONNALLY. I know.

Senator CAPPER. And that is what is being done.

Senator FRAZIER. That was not the intention of the original bill.

Senator MCGILL. But that is what happens.

Senator CONNALLY. But they are learning some lessons out of that, and are trying to avoid that situation with regard to this particular product.

Senator FRAZIER. There was a group of representatives of the dairy interests of those Middle and Northern States down here 2 or 3 weeks ago. I had two or three conferences with them and the rest of our group out there, and we also went down to see the Secretary at that time. They wanted \$200,000,000 appropriated for dairy cattle alone at that time.

Senator CONNALLY. They worked that out with the Secretary, I am sure.

Senator FRAZIER. Their plan was to have \$200,000,000. There are some States that have not cleaned up on the tuberculosis of their dairy cows. They wanted that cleaned up. Then they suggested that surplus dairy cows be purchased by the Government out of this money and distributed to Indian reservations where they did not have any cows, just for the individual families, not in competition in the dairy business, and to some of the southern cotton farmers who did not have any cows—renters, I suppose—to distribute down through there, to take this surplus of dairy cows out of production at present. That was their plan, and the Secretary was quite favorable to it, although he was not sure whether we could get that amount of money or not, and I am satisfied that when this bill gets on the floor of the Senate they will attempt to amend it to increase that amount for dairy cattle.

Senator CONNALLY. Well, they may. But this has the hearty approval of the Secretary and the administration.

The CHAIRMAN. Senator CONNALLY, we are very much obliged to you for coming in and making this statement. This meeting was called and witnesses have been subpoenaed on this other matter.

Senator FRAZIER. Can we vote on this bill right now? I think everybody understands it.

Senator CONNALLY. I wish we could.

Senator MCGILL. It is subject to any amendments we want to offer on the floor?

Senator CONNALLY. Certainly.

The CHAIRMAN. I will put the motion to report the bill.

(The motion was put and carried.)

The motion is carried, and it is so ordered.

Senator CONNALLY. I am certainly very grateful to you, Mr. Chairman and members of the committee.

Mr. CONNALLY. Mr. President, there is a committee amendment pending; but I desire to say that I wish to offer a substitute for the committee amendment. I will not press the matter for the moment, however.

The VICE PRESIDENT. The Senator may do that at any time. The question is on the committee amendment.

Mr. VANDENBERG and Mr. ROBINSON of Indiana addressed the Chair.

The VICE PRESIDENT. Does the Senator from Texas yield; and if so, to whom?

Mr. CONNALLY. I yield to the Senator from Michigan.

Mr. VANDENBERG. Mr. President, am I correct that this is the first basic commodity written into the Agricultural Adjustment Act for which a direct appropriation has been proposed?

Mr. CONNALLY. Does the Senator mean since the enactment of the measure?

Mr. VANDENBERG. Yes.

Mr. CONNALLY. So far as I know, this is the first amendment of the Agricultural Adjustment Act adding a commodity.

Mr. VANDENBERG. Or in the act itself? Is there any basic commodity in the act itself which is not wholly dependent upon processing taxes for its revenue?

Mr. CONNALLY. Oh, yes! In the original act, as I understand, funds were provided in somewhat similar fashion to this amendment, for instance in the cotton campaign and in the hog and other campaigns, which were subsequently reimbursed through processing taxes.

Mr. VANDENBERG. Precisely. It was a revolving fund for the purpose of reimbursement subsequently?

Mr. CONNALLY. I shall say to the Senator that if he were here yesterday, he will recall that it was stated that under this bill the Agricultural Administrator will have power to levy a processing tax to reimburse the Government for this appropriation.

Mr. VANDENBERG. I was here yesterday, and that is what disturbs me, because when one of the Senators asked

the Senator from Texas something about the processing tax, the Senator from Texas interrupted to say, "If it is ever levied."

Mr. CONNALLY. I did.

Mr. VANDENBERG. Indicating a possibility that under the Senator's prospectus there will be no processing tax.

Mr. CONNALLY. No; on the other hand, Senators who occupied the other position and did not want any processing tax tried to get an admission from the Senator from Texas that there would be none levied; and he expressly stated that that was a matter that the Secretary would determine after the enactment of the bill and the outlining of the program. I do not know whether the Secretary will levy a processing tax or not.

Mr. VANDENBERG. Would it be fair, then, to say—and I am only seeking information—that under the bill as it stands it would rest within the authority of the Secretary to use this \$200,000,000 in the nature of a bounty if he so saw fit?

Mr. CONNALLY. I do not think he could do it as a direct bounty, but he could do it if he expended it in carrying out any of the provisions of the Agricultural Adjustment Act.

Mr. VANDENBERG. And he could do it without reimbursement?

Mr. CONNALLY. I rather think he could expend it in carrying out the act, but not in paying benefits directly.

Mr. BORAH. Mr. President—

Mr. CONNALLY. I yield to the Senator from Idaho.

Mr. BORAH. Why was it not thought wise to determine definitely by the terms of the bill whether or not a processing tax should be levied? Why should we leave it open? It seems to me that as a matter of fairness to the cattle industry we should know where we are going.

Mr. CONNALLY. Of course, that is a matter of policy that the Senate can easily determine; but the bill simply puts cattle under the act along with other commodities, to be treated just as all other commodities have been treated under the previous legislation.

Mr. BORAH. In view of the policy which has been adopted with reference to other commodities, we would be justified in assuming that the same policy would be carried out with reference to cattle, and therefore that a processing tax would be laid. Would not that be reasonable?

Mr. CONNALLY. It is reasonable to assume that there will be a processing tax. I cannot say that there will be or that there will not be; but let me read to the Senator the proposed amendment which I shall offer as a substitute for the Senate committee amendment. It is to go in on page 2, line 2. This has reference to the appropriation:

With respect to the dairy- and beef-cattle industries, to carry out any of the purposes described in subsections (a) and (b) of this section (12), and to support and balance the markets for the dairy- and beef-cattle industries.

That makes the appropriation available to carry out any of the purposes of section 12, subsections (a) and (b).

Several Senators addressed the Chair.

The VICE PRESIDENT. Does the Senator from Texas yield the floor?

Mr. CONNALLY. I do not care to occupy further time of the Senate.

Mr. BORAH. Mr. President, just a moment before the Senator takes his seat. I call attention to the statement of the Secretary, who says:

I can agree with you, Congressman HOPE, that through a great program, involving a vast expenditure of time and money that it will require the sympathetic cooperation of the great bulk of the cattlemen to make it really effective. And I am inclined to think that it might be just as well, in case of the cattlemen, to make cattle a basic commodity now and after that let the thing lay there until next fall, do nothing, just let the cattlemen suffer from low prices, go ahead and let the whole thing wait to see whether they want a processing tax; let them stew and see how the corn-hog thing comes out, and next fall formulate something, if they want to go without the processing tax, and next fall, when hog prices go up and there has been an increase in hog production and consumption of hog meat and perhaps a shift to the consumption of beef and a compensatory tax is put on cattle, then I think they would like to have the bill, making cattle a basic commodity, so they can avoid the compensatory tax going on cattle.

Just what does the Senator understand by that?

Mr. CONNALLY. The Senator understands that the Secretary was answering the contention of those particular cattlemen who wanted all the benefits of the act, and yet wanted to be guaranteed that there never would be a processing tax. He was replying to that attitude.

Mr. BORAH. As I understand the statement of the Secretary, it indicates very clearly that he intends to levy a processing tax.

Mr. CONNALLY. I so stated yesterday, that he had the power. I do not know whether he is going to do it or whether he is not. I cannot speak for the Secretary in advance; but it is clear that under the bill he has the power to do it if he sees fit to do so. I stated that yesterday repeatedly, and I reaffirm it today.

Mr. ROBINSON of Indiana. Mr. President—

Mr. CONNALLY. Mr. President, before I yield the floor, I desire to appeal to Senators to let us get along with this bill. It is my hope to have it passed today; and I hope Senators will not interpose and discuss extraneous matters if they can avoid doing so.

Mr. MURPHY and Mr. NORRIS addressed the Chair.

The VICE PRESIDENT. Does the Senator from Texas yield; and if so, to whom?

Mr. CONNALLY. I yield first to the Senator from Iowa.

Mr. MURPHY. Mr. President, with respect to the appropriation of \$200,000,000, this colloquy occurred in the Senate Committee on Agriculture and Forestry, with Mr. Davis present:

Senator MURPHY. How do you propose to recover this \$200,000,000?

Mr. DAVIS. We have not gone into that phase of it, Senator. This appears to be an authorization for an outright appropriation. In that respect, that is a good deal like the \$100,000,000 in the amendment last year. It was out of any money not otherwise appropriated.

Senator MURPHY. You do intend to impose processing taxes?

Mr. DAVIS. Yes, sir.

Senator MURPHY. You do not know when you will impose them?

Mr. DAVIS. We would have to impose them when the program first begins, and that should be regarded, I think, as a supplement to the income from processing taxes, so that more money can go out to the farmer, rather than substitute the price.

Mr. BORAH. Mr. President, may I interrupt there?

Mr. CONNALLY. I yield to the Senator from Idaho.

Mr. BORAH. May I ask the Senator from Iowa if Mr. Davis was representing the Agricultural Department?

Mr. MURPHY. Yes; he was.

Mr. BORAH. That leaves no kind of doubt as to what the plan is, it seems to me.

Mr. MURPHY. I have not any doubt in my own mind, I will say to the Senator, that under this bill the purpose and intent of the Agricultural Administration are to impose a processing tax.

Mr. BORAH. I do not think anyone could have any doubt in view of the statement of Mr. Davis.

Mr. MURPHY. Mr. Davis left no doubt of that fact in my mind at the meeting of the committee.

Mr. CAREY and other Senators addressed the Chair.

The VICE PRESIDENT. Does the Senator from Texas yield; and if so, to whom?

Mr. CONNALLY. I yield to the Senator from Wyoming.

Mr. CAREY. I should like to ask the Senator from Iowa whether Mr. Davis did not also admit at the hearing that if processing taxes were imposed, they would be passed on to the producer rather than to the consumer? Does the Senator recollect his testimony?

Mr. MURPHY. I would not quote Mr. Davis as saying that; but Mr. Davis did resist the contention that the processing tax had been passed on to the producer, insisting that there was a twilight zone, and that nobody could determine where the tax went.

Mr. CAREY. It has been admitted that when prices are low, the producer must necessarily assume that tax.

Mr. MURPHY. That is my contention.

Mr. GEORGE and Mr. CAPPER addressed the Chair.

The VICE PRESIDENT. Does the Senator from Texas yield; and if so, to whom?

Mr. CONNALLY. I yield first to the Senator from Georgia.

Mr. GEORGE. Mr. President, I desire to say that in the Public Works section of the National Recovery Act an appropriation of \$100,000,000 was carried last year to enable the Agricultural Adjustment Administrator to administer that act. When the bill was passed, and the question of imposing a processing tax upon certain of the basic commodities originally included in the Agricultural Adjustment Act was before the Secretary of Agriculture, the very definite position was taken that the Secretary would impose the processing tax, and he did impose the processing tax, although there were repeated and most earnest and insistent requests that the processing tax on certain of the basic commodities covered by the operations of last year, particularly cotton, be deferred for the time being. As I understood, the Secretary of Agriculture took the position that he was, if not legally bound, at least morally obligated to impose the processing tax for the purpose of reimbursing the Treasury, as well as for the purpose of carrying on the operations of the Agricultural Adjustment Administration under the Adjustment Act.

Mr. HAYDEN. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield to the Senator from Arizona.

Mr. HAYDEN. I desire to ask the Senator from Georgia a question. A processing tax was levied on cotton, as I understand.

Mr. GEORGE. It was levied on cotton.

Mr. HAYDEN. Does the Senator feel that the tax was passed on to the producer of cotton?

Mr. GEORGE. Well, that question would lead to quite a good deal of debate.

Mr. HAYDEN. The statement was made a moment ago, on the other side of the aisle, that it was generally conceded that the producer paid the processing tax. If that was invariably so, it would be true with respect to cotton. The price of cotton has advanced, as I understand.

Mr. GEORGE. The price of cotton has advanced, but my own judgment is that the producer of cotton paid the processing tax last year, as a matter of fact.

Mr. HAYDEN. Was that a temporary situation?

Mr. GEORGE. I do not think so.

Mr. HAYDEN. I ask that question because it has been said that, while the producer might pay the processing tax temporarily, with respect to hogs it was stated that by next fall it is hoped the price of hog products will have so advanced that the tax will not be a burden to the producer.

Mr. GEORGE. I want to say in answer to the Senator from Arizona that the cotton farmers have received benefits under the Adjustment Act, beyond all doubt, and under other administrative measures taken during the year 1933.

Mr. HAYDEN. In the judgment of the Senator from Georgia, would the price of cotton be now as high if no processing tax had been levied?

Mr. GEORGE. I do not think the processing tax had a great deal to do with it. I think that other things that were done, wholly outside and irrespective of any processing tax, have had more to do with the price of cotton. But the benefits were given to the cotton farmer. In the first instance, they were made immediately available out of the hundred million dollars appropriated, but, at the same time, the processing tax was levied; and my own opinion—and I believe it to be the opinion of those engaged in the cotton business generally—is that the producer himself probably absorbed the tax last year.

Mr. HAYDEN. But the producer could afford to do that if he received a higher price for his cotton?

Mr. GEORGE. He did receive a higher price, and he received certain definite and distinct benefits through various operations undertaken.

Mr. HAYDEN. Mr. President, my reason for asking the question is that I have received the following telegram from the president of the Arizona Cattle Growers Association:



Arizona Cattle Growers Association has no serious objection cattle being made basic commodity, but object strenuously to processing tax on beef, because, as beef is competitive commodity, tax would immediately be taken off price of cattle same way it has been taken off price of hogs. With cattle market at present low level, any further reduction in income from sales would be added burden which the industry is unable to stand.

J. M. CARTWRIGHT,  
President Arizona Cattle Growers Association.

I am trying to find out from the expressions of the Senator from Georgia how the processing tax worked with respect to cotton, and whether we could entertain the hope that the operation of the entire plan would ultimately effect an increase in the price of beef, so that the producers of livestock will be benefited rather than injured.

Mr. VANDENBERG. Find out how it worked in the case of hogs. That is the better way of ascertaining the probable effect in the case of cattle.

Mr. GEORGE. It is a debatable question, and I have given the Senator the benefit of my own opinion.

Mr. MURPHY. Mr. President, will the Senator from Texas yield to me?

Mr. CONNALLY. I yield.

Mr. MURPHY. In reply to the Senator from Arizona, I will say that there is a fundamental difference between the processing tax on cotton and the processing tax on hogs and beef. That difference lies in the fact that cotton is not a perishable commodity, while beef and hogs are perishable commodities.

I think it is a fundamental truth that if a processing tax is imposed on a perishable commodity of which there is a surplus production, inevitably that tax is taken out of the producer, and we will not be able to collect it from the consumer until such time as the supply falls short of the demand.

The price of beef will be depressed by a processing tax, as the price of hogs was depressed by a processing tax, and the price of beef now being so low, it ought not to be driven lower, and we ought to give discretion to the Department of Agriculture in the imposition of the tax. I myself would make it mandatory, if there were any way of doing it, and provide that the processing tax should not be imposed until such time as consumption should make it possible to raise the price.

Mr. CONNALLY. Mr. President, I send the proposed amendment to the desk and ask that it be read for the information of Senators.

The VICE PRESIDENT. The clerk will read.

The CHIEF CLERK. On page 2, in lines 2 and 3, it is proposed to strike out the words "to make advance rental and/or benefit payments with respect thereto" and to insert in lieu thereof the following: "to carry out any of the purposes described in subsections (a) and (b) of this section (12) and to support and balance the markets for the dairy- and beef-cattle industries."

Mr. BORAH. Mr. President, in connection with the question we have just been discussing, as to where the incidence of this tax will finally lie, I have before me a letter from Swift & Co. with reference to the processing tax on hogs. A farmer in Kerkhoven, Minn., dropped a postal card to Swift & Co. asking for information, and they replied to him as follows:

DEAR SIR: Replying to your post card of February 8, it was undoubtedly intended by the framers of the law that the processing tax on hogs would be paid by the consumer in the form of higher prices. The packer on whom the tax is first assessed was supposed to pass it along.

So far as we are able to tell, it has been impossible to get higher prices from consumers as a result of the tax. What consumers will pay for pork depends upon their incomes, as has recently been shown by the United States Department of Agriculture. Since the imposition of a tax on hogs does not increase the consumer's purchasing power, it does not enable the packer to get more for his pork products.

As you know, pork is highly perishable and must be sold for what the consuming public will pay, whether the price is satisfactory or unsatisfactory. The same is not true of other less perishable products like wheat, cotton, and tobacco, where it has been found possible to pass along processing taxes in the form of higher prices. The packer is in a position where he must sell at a market determined for him by the purchasing power of consumers.

In effect the processing tax has been an added expense to the packer and has had the effect, like he pays for hogs and what he is able to get for pork products. The packer's margin is not wide enough and never has been to enable him to bear the tax himself. It has therefore made the price of hogs lower than it would otherwise have been.

In my judgment, that is precisely what would happen with reference to cattle.

Mr. CAREY. Mr. President, does not the Senator believe that if the \$2.25 processing tax which is being imposed were not imposed, the producer would be receiving that additional money in the price of his hogs?

Mr. BORAH. I should think so.

Mr. CAREY. I think so. I think it is simply taken out of the price.

Mr. BORAH. Undoubtedly the packers are taking it out of the price of hogs.

Mr. TYDINGS. Mr. President, is it not the opinion of the Senator from Idaho that the higher we make the price of hogs, through any process, whatever it may be, the less consumption of hog meat there will be?

Mr. BORAH. Undoubtedly. What has happened is that they have passed this tax on to the producer of hogs. He has paid it, and the price of his hogs is that much lower.

#### CANCELATION OF AIR-MAIL CONTRACTS—OPERATIONS OF N.R.A.

Mr. ROBINSON of Indiana. Mr. President, referring again to the ruthless cancellation of the air-mail contracts by the administration, and the tragic results which followed the Executive order directing the Army fliers to carry the mails, I have an editorial, published in the Logansport Press a day or two ago, under the caption: "Farley, Air Mail, and Death", which I ask to have read from the desk by the clerk.

The PRESIDING OFFICER (Mr. GEORGE in the chair). Without objection, the clerk will read.

The Chief Clerk read as follows:

[From the Logansport (Ind.) Press]

#### FARLEY, AIR MAIL, AND DEATH

What mail do the Army planes carry one half so precious as the lives of the fliers?

When Postmaster General Farley launched his age-old political trick of the ins building themselves up by showing the shortcomings of the outs, he visioned the drama, the snap, the headlines, the partisan plaudits, the "turn the rascals out!"

Always with himself basking beneath the halo of the good and faithful servant of the public.

And, to show that he, Postmaster General Farley, is a man of infinite resource he had his alternative ready for the time when commercial flying of the mail should cease, "The Army will fly the mail!"

Terse, dramatic, looked good in headlines—but it meant death and disaster to boys who bravely jump at a task set them by a fat, sassy, plausible politician safely on the ground.

All the mail carried is not worth one of the lives that have been lost.

Why, in the name of humanity, did the Postmaster General have to fix on this homicidal alternative? Is this ghastly thing also a product of the "brain trust"?

Suppose the Postmaster General felt it his duty to cancel the contracts to fly the mail—what then?

Is there law requiring that this circular and that market letter and this pep letter to salesmen be carried in the air?

Why could it not have been carried as mail has always been carried up until a few years ago?

Is industry so booming, is business so rushing, that the trains could not handle it, at least until the fliers were trained in the courses and the new work set to them?

In the greatest years of boom prosperity the mail seemed to get there on trains. Business was a whole lot better and faster than it is now. And the mail was heavier.

What emergency exists to throw untrained fliers into the break of political scandal? Whether or not Postmaster Farley was right or wrong in revoking the air-mail contracts is not the question.

The question is: Why, in the name of God, he cannot put the mail on the trains until this matter is settled or until his Army fliers have a chance for their lives?

Postmaster Farley before becoming a statesman and a king maker was a member of the New York Boxing Commission. It was a lousy, corrupt thing dealing with the dregs of humanity and his record for a short turn and a crosscut was an odorous thing on all the sports pages of America.

Someone, some person, should tell him that he cannot send a clean-cut American boy aloft to certain death with the same nonchalance that the boxing commission sent "set-ups" into the boxing ring to be brutally beaten in order to build up the reputation of some favored slugger in whose fistic destinies some of Farley's political cronies held an interest.

President Roosevelt is a genuine humanitarian. Six flyers have already been done to death in this crazy, irrational thing. We believe that the man who can grieve for the afflicted child can also feel for the relatives of these boys who are sent into unknown and needless danger as pawns on the politician chess-board.

Until the Government is prepared with experienced mail flyers let the mail be carried on trains, on auto—even by horse and buggy—rather than this holocaust which has a Nation wondering "who will be next?"

Mr. ROBINSON of Indiana. Mr. President, further, in connection with the cancelation of the air-mail contracts, there was published on the front page of the Washington Star, Monday, March 5, 1934, an article by the Associated Press, the headlines of which read as follows:

Morgan revealed air-stock seller as cancelation of pacts neared. Evidence 4,500 shares of United Aircraft was disposed of is given to Senate committee. "Leak" among Federal officials being hunted.

I will read this much of the story:

Evidence that J. P. Morgan, head of the big banking house bearing his name, sold a block of 4,500 shares of United Aircraft stock within 2 weeks before Government cancelation of the air-mail contracts, was presented today to the Senate Banking Committee.

Morgan's name was on a list—submitted to the committee by the New York Stock Exchange—of those who sold more than 1,000 shares of the air-transport stocks from a long position within the 2 weeks before cancelation.

Then further down in the article appears this item:

Morgan was listed as selling the 4,500-share block of United Aircraft through Richard Whitney & Co.

So it appears, Mr. President, that the international bankers knew all about the proposed cancelation before it took place. It would be interesting to know how the House of Morgan learned that the contracts were to be canceled. Evidently the money changers have not been driven out of the temple.

I note in another part of the article it is said that James Seligman also sold 800 shares of United Aircraft, 12,400 shares of Curtiss-Wright, and 5,200 shares of Douglas Aircraft. I understand James Seligman is of the Seligman Banking House, with which Mr. Earle Bailie was connected, the Mr. Bailie who was the right-hand man of the present Secretary of the Treasury, Mr. Morgenthau, until the latter's confirmation itself was held up by the Senate Finance Committee until he should get rid of Bailie. Evidently the Seligmans, as well as the international bankers generally, knew all about the proposed cancelation.

All this, Mr. President, is certainly food for thought for the American people in connection with one of the most ruthless, high-handed actions ever taken by an administration in the history of this or any other country.

Mr. LONG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Louisiana?

Mr. ROBINSON of Indiana. I yield.

Mr. LONG. I wonder if the Senator did not know that in the case he was speaking of the bankers were just pursuing an ordinary course. It is nothing out of the ordinary. I should like to call the Senator's attention to the fact that when the bankers discovered what was being done in Cuba, and the Chase National Bank's confidential report showed that the loans were being carelessly spent and that the funds were being squandered, and when all the other illegalities that were being committed by Machado were discovered by them, the result was that they promoted a little stock offering to the public and cleared the vaults of the Chase National Bank of the Cuban securities and put them out to the public. The bankers are now fixing to see if they can clear up this air-mail business, penalizing the general public in order to take care of the matter. It is only customary with these big men that when they wish to cancel out something they have, they pawn it off on the little man a few days ahead of the time an unfavorable situation becomes known. I think the Senator is just wasting time in discussing it. It is nothing out of the ordinary.

Mr. ROBINSON of Indiana. I thank the Senator for his observation.

Mr. President, there are other concerns that evidently sold the aircraft stock with advance knowledge. There was published last night in the Washington Star a long list of the short sellers, the names of whom I shall not mention at this time.

It now develops, Mr. President, that in connection with the so-called "air probe" one man, at least, close to the administration, has had enough of it, and complains rather bitterly. Last night the Washington Star carried a story, again by the Associated Press, with the following headline:

James Roosevelt assails air probe. Declares Democrats on committee owe apology to Adams.

The story follows:

LOWELL, MASS., March 6.—James Roosevelt, in an address before the combined service clubs of this city last night, described as "absolutely silly" that phase of the air-mail contract investigation involving Charles Francis Adams, former Secretary of the Navy.

He declared the probe has become "focused on personalities", and added that Democratic members of the investigating committee owe the former Hoover cabinet member an apology for summoning him to Washington.

James Roosevelt is the son of the President of the United States. So much for that, Mr. President.

While I am on my feet I desire to mention an incident that took place with reference to the N.R.A. A great deal was said here yesterday and the day before about the accomplishments of the administration during the past year. Much has been made of it by members of the Democratic Party and representatives of the President on this floor and elsewhere. But apparently all is not well.

I suppose the cornerstone of the President's recovery program, probably the foundation for it all, is the N.R.A. It has been brought out on the floor of the Senate by distinguished Members of this body and by others throughout the country that the N.R.A. works under the present set-up in the interest of big business, but the little business interests throughout the country are finding small opportunity under this despotic sway. Evidently the President knows that by this time.

At the end of the first year of the present administration the President addressed a great assembly of business men and citizens in this city, in the Auditorium. Anyone would have thought, if all we read be true of the great recovery that has taken place, that that audience would have warmed up to the occasion. As a matter of fact, the Washington Daily News, which has been very friendly to the administration, published a report of that meeting which was addressed by the President. The meeting must have been very disappointing to the administration, from the story that appears in this newspaper which is so very friendly to the administration. The article is written by Martha Strayer and is entitled:

ROOSEVELT AUDIENCE WEARS POKER FACE, SITS ON HANDS

I send the article to the desk and ask that it may be read by the clerk.

The PRESIDING OFFICER. The clerk will read the article.

The Chief Clerk read as follows:

[From the Washington Daily News, Mar. 5, 1934]

ROOSEVELT AUDIENCE WEARS POKER FACE, SITS ON HANDS

By Martha Strayer

President Roosevelt will never face a tougher audience than the 4,000 American business leaders who heard him open the big code conference today at Constitution Hall.

They brought along their poker faces and sat on their hands. They made one of the most amazing gatherings of the Roosevelt or any other administration.

Every seat of the 4,000 in Constitution Hall was taken, and there were two overflow meetings of people who wanted to get in and couldn't. Outside the doors were other hopeful souls who asked ticketholders, sotto voce, if they had any extras they weren't using.

Inside there was the Marine Band, in scarlet coats, out of sight in the orchestra pit and playing a concert for the half hour before the President arrived.

On the stage were Frances Perkins, Frances Robinson, Democratic Cabinet members, Senators, and others high in official life.

In the boxes were Cabinet members' wives, and other well-dressed women.



On the main floor and in the balconies were rows and rows and rows of men, with a very small scattering of women.

The meeting was opened like a session of Congress, with a prayer by Senate Chaplain Z. Barney Phillips.

An elevated platform was in the middle of the orchestra, supporting at least half a dozen sound-picture machines and operators.

There were Klieg lights above to play on the President, and flashlights of many exploding camera bulbs.

"The President of the United States", said Gen. Hugh Johnson, introducing Roosevelt.

The President began.

It was 5 minutes before he got even a flicker of applause.

He said, to an accompaniment of deep silence:

"For your support I give you my thanks."

When he quoted a question which has been much on the lips of American people, answering critics of N.R.A.:

"Well, what do you suggest?" there was a spontaneous burst of laughter.

When he said:

"One thing is very certain: We are not going back either to old conditions or old methods", Senator GEORGE NORRIS led the applause which came closer to rocking the building than at any other time in the speech.

The meeting was held up after his address until General Johnson could return after accompanying the President to the overflow gatherings.

Mr. ROBINSON of Indiana. Mr. President, evidently among the people themselves, if we get away from the ballyhoo of the administration and the propaganda, certain features of the program, notably the basic structure—the N.R.A.—are not so popular with the country.

This morning there is published in the Washington Herald an editorial on the front page entitled, "Government by Personal Whim Is Despotism." I shall not read it all, but just a paragraph or two, and then ask that the entire editorial may be incorporated in the RECORD in connection with my remarks. Some of these statements are startling:

We are advancing fast toward absolutism. We are retreating fast from constitutional democracy.

Encroachment after encroachment upon popular liberties follow one another.

Usurpation leads to further usurpation of dictatorial authority. The President seems to think he can easily enlarge his already extended powers by merely weaving into a request for new authorizations some passing reference to the "existing emergency" and the "prevailing unemployment."

This is the familiar balustrade upon which he again leans in casually asking Congress for power personally to negotiate and conclude tariff treaties without their submission to the Senate for ratification, without recommendation or guidance by the Tariff Commission, without check from any quarter, without the concurrence of any other person or official body, without revealed method or proven principle or established precedent or even thorough survey of the facts.

Autocratic authority is so substituted for constitutional prerogatives and procedure.

The President becomes the panjandrum of American business, with power, by personal treaties, independently of any action by the representatives of the people, to raise or lower tariff rates 50 percent in all trade bargaining with foreign nations.

I shall read no more of the editorial, Mr. President, but I want to point out at this juncture if the bill giving the President alone and single handed the power to deal with foreign nations in tariff matters shall ever pass both Houses and become a law, that will be the end of the war debts. If the Congress should vote to him the complete power that is concealed within the bill as proposed, then he would have absolute authority to cancel the war debts, notwithstanding the fact that the American people, to the extent of at least 90 percent, are opposed to any such procedure.

Let the Senate take warning. If that bill shall be enacted, the majority in the Congress will be giving the President of the United States the power, himself alone, without ever referring it back to the Senate or the other House of Congress, to do that thing against the interests of the people of this country which Congress has solemnly said no President should do, namely, cancel the debts. I ask at this point that the entire editorial, a part of which I have just read, may be incorporated in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The editorial is as follows:

[From the Washington Herald, Mar. 7, 1934]

We are advancing fast toward absolutism. We are retreating fast from constitutional democracy.

Encroachment after encroachment upon popular liberties follow one another.

Usurpation leads to further usurpation of dictatorial authority. The President seems to think he can easily enlarge his already extended powers by merely weaving into a request for new authorizations some passing references to the "existing emergency" and the "prevailing unemployment."

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Autocratic authority is so substituted for constitutional prerogatives and procedure.

The President becomes the panjandrum of American business, with power, by personal treaties, independently of any action by the representatives of the people, to raise or lower tariff rates 50 percent in all trade bargaining with foreign nations.

Conceding the virtuous intentions of the President and without dwelling upon the naive insensibility to business actualities revealed in his proposals, it is manifest—clear beyond all shadow of doubt—that this power should not be given at all.

The authority belongs to Congress and should be exercised by Congress!

If Congress, in its servile desire to surrender its functions, should confer more of its powers on the President, that power in this instance should be limited strictly to the right to raise tariff rates as a reprisal for prohibitive rates or quotas imposed by foreign nations on American products.

This power would at least be the right to defend American industry.

But the power to lower tariff rates 50 percent is the power to destroy American industry!

It is the power to cripple the 95 percent of production and employment which supplies domestic markets in order to favor the 5 percent which competes in foreign markets.

Such a policy is not only allowing the tail to wag the dog; it is destroying the dog to save the tail.

And the tail would be utterly valueless without the dog, not only in the simile but in the actuality.

There is another reason—although no other reason is needed for not giving the President power to make these bargains with foreign nations—and that reason is that the bargains will not be scrupulously carried out by foreign nations, most of which are unreliable in their dealings with America, and some of which are definitely dishonest.

The American Government is an utter innocent in the diplomatic field, and the foreign nations know it.

They borrow money of us and do not pay it. They make agreements and do not keep them.

To use the popular phrase, they are sharpers and we are hicks. We play their shell game and they make fools of us.

We buy their green goods and they laugh at us. We lose our money, and they take it and spend it to compete with us.

We labor under a load of taxation inherited from their war, and they show their appreciation by piling their taxation upon us on top of our own.

They have not even the gratitude which a sharper should show toward the simpletons who support him.

If we open our home markets to their goods, on their worthless pledges, we will find that we have sacrificed American industry and American labor for a bond that is without value, and a word that is without honor.

Take Mr. Roosevelt's historic apple swap, an example of ingenuous innocence which has never been matched in the whole history of our fatuous foreign relations.

Under this arrangement the United States permits the entry of some \$10,000,000 worth of French wines and France agrees to allow the importation of some \$1,000,000 worth of American apples.

For some reason or other even this one-sided agreement has not operated reciprocally, various shipments of American apples having been left to rot on the French docks or seek a market elsewhere.

We confidently leaned again on the broken reed of French sincerity and honest intent, and experienced the usual consequences.

What reason have we to believe or to hope that other bargains would be more scrupulously kept, or that the United States can ever depend on the pledges of nations which repudiate their debts and dishonor their agreements?

The reaction of Congress to this startling proposal of the President's will be watched by thoughtful Americans with profound concern.

Perhaps it is with the issue here presented that real recovery in the United States will begin—the recovery of itself and its self-respect—the recovery of its constitutional rights, its independence, and its liberty.

Mr. VANDENBERG. Mr. President—

Mr. ROBINSON of Indiana. I yield to the Senator from Michigan.

Mr. VANDENBERG. I should like to call the Senator's attention to a really challenging hazard. Many of us were constrained to object when the money bill permitted the

Secretary of the Treasury, in his unaccountable and unaudited wisdom, to play with \$2,000,000,000 in the dark. The domestic market is worth \$90,000,000,000, and, if it was hazardous to permit one executive to play with \$2,000,000,000 in the dark, it is 45 times more hazardous to permit another executive to play with \$90,000,000,000 in the dark.

Mr. ROBINSON of Indiana. The Senator is exactly right, Mr. President, and I am grateful to him for the suggestion. As a matter of fact, it is my opinion that the Senate of the United States will never cease to regret the day it turned over \$2,000,000,000 of the people's money to the youthful Secretary of the Treasury with which to gamble in the international poker game. The truth is that there he sits in with those who know so much more about that game than he does that there is no comparison. In my opinion, inevitably the entire \$2,000,000,000 will be lost, while at the same time the veterans of the war are positively refused any consideration as far as the \$2,000,000,000 due them is concerned. We turn that vast amount over to a young man, the Secretary of the Treasury, with utterly no experience, to gamble away as he pleases for a period of 3 years, and even the Senate cannot question him as to what he may do with it. Furthermore, as has been suggested, he has no definite policy at this moment. He has \$2,000,000,000 and does not know today what to tell the people he proposes to do with it. He has, by his own statement, no policy of any kind. So far have we drifted, Mr. President, from safety.

#### LIMITATION OF INCOMES AND WEALTH

Mr. FESS obtained the floor.

Mr. LONG. Mr. President—

Mr. FESS. I yield to the Senator from Louisiana.

Mr. LONG. I thought I had the floor. I beg the Senator's pardon.

Mr. FESS. I yield to the Senator.

Mr. LONG. Mr. President, I want to call the attention of the Senator from Mississippi [Mr. HARRISON] and of the Senate to Senate Joint Resolution 65 and Senate Resolution 113, which I have offered, and I want to ask that, following the disposition of the present unfinished business, they become the unfinished business of the Senate.

The PRESIDING OFFICER. Is the Senator from Louisiana submitting a request for unanimous consent?

Mr. LONG. I am asking unanimous consent or I will ask the consent of the Senate.

Mr. McNARY. Mr. President, what is the nature of the Senator's request?

The PRESIDING OFFICER. The Senator from Louisiana requests that, immediately following the disposition of the pending bill, Senate Joint Resolution 65 and Senate Resolution 113 be taken up for consideration.

Mr. LONG. Mr. President, for the information of the Senator from Oregon, I will read Senate Resolution 113, if the Senator from Ohio will permit me. It is as follows:

*Resolved*, That it is the sense of the Senate of the United States, and that it accordingly does instruct the Senate Finance Committee, that it reform all revenue bills coming before it during the Seventy-third Congress, so that no person shall have an annual income in excess of \$1,000,000; so that no person during his or her lifetime shall receive by gifts, inheritances, or other bequests more than \$5,000,000; and so that all estates shall be limited so as not to exceed \$50,000,000 to the person, all surplus above such allowances to become payable to the Government, in cash or in kind, on such terms as may be prescribed by said Finance Committee.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana?

Mr. HARRISON. Mr. President, this is a resolution which expresses the sense of the Senate. It is not a resolution that calls for any expenditure. It seems to me that the better procedure would be that when the revenue bill reaches the Senate the Senator offer his amendment to the bill at that time.

I have no objection to the Senate expressing its sense at any time. The resolution does not come within the category of resolutions which first have to go to a standing

committee. I think the better plan in this case would be to wait until the revenue bill comes to the Senate and then offer an amendment accordingly.

Mr. LONG. The purpose is to work out the matter in the committee. In other words, it can be much more readily worked out in the committee than on the floor of the Senate. If the Senate decides to carry out the program which our President has announced, then I propose to make the method of its confirmation very practical rather than to undertake to consider it on the floor of the Senate. It would save much time. Perhaps my resolution will not be adopted, though I very much hope it will not be defeated.

Mr. McNARY. Mr. President, I feel precisely as does the Senator from Mississippi [Mr. HARRISON] that probably some day we should vote upon the resolution. I protest the practice of piling unanimous-consent agreements one upon another. I have no objection to making the resolution a special order at some time. But we have a unanimous-consent agreement under which we are now working. To add to that another is not a practice which I am inclined to follow and therefore I must object.

The PRESIDING OFFICER. Objection is made.

Mr. LONG. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LONG. I ask the attention of the Senator from Arkansas [Mr. ROBINSON]. We are recessing now from day to day. What is before the Senate when we get through with the bill in charge of the Senator from Texas [Mr. CONNALLY]? Is it the Great Lakes-St. Lawrence Waterway Treaty?

Mr. ROBINSON of Arkansas. Mr. President, there has been no arrangement with reference to the order of business beyond the present bill and beyond the arrangement that at 2 o'clock today the Senate shall interrupt its consideration of the present unfinished business to consider a nomination on the Executive Calendar.

Mr. McNARY. Unquestionably the unfinished business is the Great Lakes-St. Lawrence Waterway Treaty.

Mr. ROBINSON of Arkansas. It is not the unfinished business in a technical sense, but there has been an agreement made to vote on the treaty at a definite time.

Mr. McNARY. In a parliamentary sense it is the unfinished business.

Mr. LONG. Then, one might demand the regular order at any time?

Mr. McNARY. To enter into a unanimous-consent agreement such as is now proposed would have the effect of displacing the treaty. I think I have made my position clear as to procedure.

Mr. ROBINSON of Arkansas. The unfinished business as a matter of fact and of law is the bill in charge of the Senator from Texas [Mr. CONNALLY]. There is a unanimous-consent agreement which implies an obligation to bring the Great Lakes-St. Lawrence Waterway Treaty before the Senate whenever some Senator wishes to discuss it.

The PRESIDING OFFICER. May the Chair suggest that the treaty is executive business and not legislative business.

Mr. ROBINSON of Arkansas. Yes; it is an executive matter.

Mr. HARRISON. Mr. President, will the Senator from Arkansas yield for a suggestion?

Mr. ROBINSON of Arkansas. Certainly.

Mr. HARRISON. Of course if we take an adjournment, the resolution of the Senator from Louisiana could come up during the morning hour. I have no doubt the Senator from Arkansas will have no objection to having a morning hour soon during which the resolution could be laid before the Senate.

Mr. ROBINSON of Arkansas. I shall be very glad to move an adjournment when the pending bill shall have been disposed of.

Mr. HARRISON. I do not want to commit myself as to whether or not I shall make a motion to table the resolution of the Senator from Louisiana or to refer the resolution to a committee, but it does seem to me it would be



perfectly proper that we should have a morning hour sometime soon when we could take it up for disposition.

Mr. LONG. The only trouble about that is that if my resolution gets into the hands of the committee, the chairman of which is opposed to its consideration, it might never again come back to the floor of the Senate. That is why I want to get action on the floor of the Senate if I can.

Mr. ROBINSON of Arkansas. I shall be glad to move an adjournment of the Senate when the pending bill shall have been disposed of. If it suits the convenience of the Senate and the debate on the pending bill is to be prolonged somewhat indefinitely, I may do that earlier.

#### NOMINATION OF DANIEL D. MOORE—AGREEMENT FOR EXECUTIVE SESSION

Mr. HARRISON. Mr. President, I desire to submit a proposed unanimous-consent agreement. I ask unanimous consent that at 2 o'clock on Friday, March 16, the Senate proceed to the consideration of executive business and to the consideration of the nomination of D. D. Moore to be collector of internal revenue, district of Louisiana. The nomination is now on the Executive Calendar.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The unanimous-consent agreement was reduced to writing and entered, as follows:

*Ordered*, That at 2 o'clock p.m. Friday, March 16, 1934, the Senate shall go into executive session to consider the nomination of Daniel D. Moore to be collector of internal revenue for the district of Louisiana.

#### INCLUSION OF CATTLE AS A BASIC INDUSTRY

The Senate resumed the consideration of the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes.

Mr. FESS. Mr. President, in reference to the bill which is the unfinished business and which proposes to enlarge the operations of the Agricultural Adjustment Act by amending it so as to include cattle as a basic commodity, I only wish to say that I cannot support the proposal. I do not want by my vote or voice at any time to indicate that I approve, first, of delegating to the Secretary of Agriculture such authority, and, secondly, after he has gotten it, of enlarging it. I would take it away from him as soon as I could by voting a repeal of the act which gave the authority in the first place.

I was opposed originally to the passage of the act. It was passed under the statement that it was to be purely an emergency measure; that it was temporary in character, to be repealed when the President declared the emergency ended. But we are now being told from the highest circles in the Government that the emergency legislation is not to be temporary, but is to become permanent law. We need not go further back than the statement on last Monday of the President of the United States and consider what he asked in reference to the control of industries in the country.

I should assume that any fair-minded person, considering an experiment which had been such a hopeless and admitted failure as the Agricultural Adjustment Act has been since it has been operating, would not only concede the unwisdom of the original act, but would be glad to vote to repeal it at the earliest opportunity.

In relation to the operation of the Agricultural Adjustment Act as to the several items that have been covered—and Mr. Davis, who is the best authority on it, says of the 7 articles 6 have been covered—I know of no instances where failure has been so glaring, and admittedly so, as in this governmental experiment. We were first told that the only way we could increase the price of commodities on the farm was either by increasing the demand or decreasing the production. I agree with that principle. That is a sound economic announcement. The truth about the matter is that prices cannot be determined by government. Of course, we can say that the price shall be such a figure, but that would mean a total divorcement between price and value. Whenever price is artificially fixed with no respect to value, it cannot be a success, as everyone must know. The diffi-

culty about price fixing by the Government is that we yield to impulse rather than to common sense, and we fix the price not with regard to the value of the article, but with regard to the convenience of obtaining a greater return in order to be able to liquidate our debts.

Mr. LONG. Mr. President, I hope the Senator will pardon me. I have tried to get the floor to propound an inquiry.

Mr. FESS. Let me announce to my friend from Louisiana that we are to go into executive session at 2 o'clock, and I do not want my time before 2 o'clock to be used up.

Mr. LONG. I shall not use over a minute and a half.

Mr. FESS. I yield to the Senator.

Mr. LONG. I ask the attention of the sponsors of this bill on both sides of the Chamber. I desire to find out whether the formula upon which we were proceeding with reference to the processing tax on hogs has been applied as we were given to understand it would be.

This is from Mr. Mordecai Ezekiel. It is the table that was to be applied to hogs under the processing tax. Says Mr. Ezekiel:

The price for each month may be conceived as represented by a small black ball, suspended above the line for its own date, at the height of the average price for that month, and as far over from right to left as indicated by the supply for that month. There would necessarily be only one ball for each month. These balls, however, would all be very close to the demand surface, a little above it for those months when the actual price was higher than the price as shown by the correlation formula and a little lower for the months when the actual price was a little below the estimated price. In general, however, it would be seen that the demand surface approximated the position that these prices occupy as they were thus suspended through space and time.

[Laughter.]

I desire to find out whether or not this formula has been applied.

Mr. FESS. I assume that it has been, because nobody knows what has resulted from it except failure.

On the subject of hogs, we have the following statement from Mr. Davis, found on page 1023 of the hearings before the House Committee on Appropriations on this year's appropriation bill for the Department of Agriculture:

Our spring farrowings in 1933 were so heavy that it was evident that this winter was going to see a condition where farmers could not even market the hogs that they would produce at any price. That is what we were facing. So the farm groups set up a committee, at our suggestion, which brought in a recommendation for an emergency purchase of a surplus of pigs under 100 pounds, and we bought 6,200,000 head in the late summer of 1933.

I should like to have my friend from Louisiana note this formula.

The original proposal was to purchase 2,000,000 brood sows and 4,000,000 small pigs and take them off the market. When the Government agents came to purchase the pigs, they offered such an attractive price that everybody was willing to sell the pigs.

A friend and neighbor of mine, who is a large farmer, decided that he would sell half of his pigs at the price that was announced. His pigs averaged 50 pounds in weight, for which he got \$5.10 a head. He had a lot of old corn, however, and he wanted to feed it, and he thought that would be a profitable thing to do. So he retained one half of his pigs, about 100 in number, and fed his corn 9 bushels to the pig, and brought the 50-pound pigs to 210 pounds. He had sold his 50-pound pigs for \$5.10 a head, as I remember. He fed 9 bushels of corn a head to the others and brought them to 210 pounds, and sold the 210-pound hogs for 10 cents more than he had sold the 50-pound pigs for. That is the way the program operates.

How did this come about? The farmer urged the sale of his pigs at the high price; and the Government, instead of purchasing 4,000,000 pigs, purchased, according to this statement, 6,200,000 at the high price; and instead of purchasing 2,000,000 brood sows, it purchased only 220,000. In other words, the Department purchased 1,800,000 less brood sows than the program because the farmer was not inclined to sell a brood sow when he could sell a pig at such a high price. The result was that with the purchase of these hogs at a very high price the Government found that we had a

greater amount of hogs for sale than we had previously had, because the method adopted made it profitable for the farmer not to sell the brood sows but to sell the pigs at a high price.

That is the practical application of the effort to reduce the quantity of pork.

I want to say frankly that I think the announcement of the Secretary of Agriculture that the only way prices can be increased normally is either to increase the demand or to decrease the production is correct. The idea of increasing the demand is the natural one, the rational one, but it is very difficult to carry out. If we knew how to increase consumption, whether by individual units or in the aggregate, that would bring about an advance in the price of a farm product; but there is a limit to the satisfaction of appetite, especially for food. The only way in which the demand for a food can be increased is to increase the purchasing power of the individual who now purchases a quantity below his desire. If we could put to work every individual who is unemployed, we should increase the demand; but we all know that the power to increase the demand for farm products is limited. No one knew that better than the Secretary of Agriculture; so he decided that the relief was not in the direction of increasing demand, but that it lay in the direction of reduction of production.

No one knows better than the Presiding Officer at this moment (Mr. GEORGE in the chair) how difficult it is to bring about reduction of production when 6,000,000 people are engaged as the producing agencies. Our Democratic friends have been afraid of that method, and I have much sympathy with the position they took. In their platform of 1928 they announced what I regard as rather a sound position. They say:

Industrial production is largely under human control, while agricultural production, because of lack of coordination among the 6,500,000 individual farm units and because of the influence of weather, pests, and other causes, is largely beyond human control.

Therefore they offered this announcement as a plank in their platform against the effort to solve the agricultural problem through reduction of production.

I have heard the Senator from Oregon [Mr. McNARY], on this side of the aisle, emphasize the difficulty of undertaking to limit production on the farm, first, because it is so difficult to do, and, secondly, because it might bring us to a position where somebody would starve. It is very easy to see that if we should reduce acreage, and then there should be a bad crop, production might be so small that there would not be enough foodstuffs produced in the United States to satisfy our own demands.

I recognize that fact, and I mention it to indicate that, although the program of the present Secretary of Agriculture is along the line of reducing production, which would be a basis for increase of price if it were successful, yet it is rather a dangerous policy to establish as a fundamental principle; but I am perfectly willing to go along with the theory that reduction of production of agricultural crops would definitely increase the price of the product. When, however, we come to put the principle into practice, it breaks down, because the desired result is so difficult to bring about. In the first place, there is such a number of units, disorganized and independent, that it is almost impossible to get action, and, in the second place, if a farmer is paid a sum of money to induce him to reduce his production of any one of the commodities upon which the Agricultural Adjustment Act operates, and it is made an advantage, from a monetary standpoint, for him to reduce his acreage, he can very easily, knowing that a good price is to follow, take the money he receives and purchase fertilizer and cultivate his land intensively, with the result that out of the reduced acreage he will produce a greater crop than he produced before his acreage was reduced. That is what has happened with respect to cotton. We paid \$160,000,000 to the cotton farmers as an inducement to them to cut down cotton production. Then we wake up to the fact that upon the reduced

acreage they are producing a crop almost equal to what had been produced before the acreage was reduced. That is human nature, and the situation cannot be reached by agreement. There are too many people involved in the agreement.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. VANDENBERG. The net result does not flow merely from natural causes. It is, precisely as the Senator has indicated, the result of human causes, and I point the Senator's attention to the fact that the Southern Railway announces that it has hauled four times as much fertilizer this year as ever before.

Mr. FESS. Precisely. If a farmer had 20 acres of wheat last year, and was required to cut it to 15 acres, he could, with a little money, purchase sufficient fertilizer to produce on his 15 acres a greater yield of wheat than he did on the 20 acres, and the Government would have no right to interfere with him if he should want to do it. In other words, while I admit that the theory of reduction may be sound as an economic principle, it is simply impracticable, as has been shown in the cotton and hog experiments.

Mr. BORAH. Mr. President, does the Senator admit that the reduction of acreage is sound in principle, at a time when half the people in the world are hungry and ill clad?

Mr. FESS. I do not think I would want to admit that the theory is sound. I mean that it is sound as a basis of increasing prices.

Mr. BORAH. The purchasing power of people is constantly falling as production falls. That is happening now, and unless purchasing power is restored, or is at least kept to the point where it now is, reduction serves no purpose in the way of raising prices, because the farmer who reduces his acreage will get a lower price for his product. It seems to me that our problem is not reduction but restoration of purchasing power to those whose purchasing power is now so low that it causes what seems overproduction. If those who need food could buy food, there would be no overproduction.

Mr. FESS. I think the Senator is correct in that respect. My contention is that if the purpose is to increase the price, if the quantity of the commodity produced is less, naturally the price will be increased accordingly, but if the burden of the purchaser is increased, then, of course, the price may decrease. The Senator means that in the long run the price will go down.

Mr. BORAH. What we do is to say that half the human race is hungry and poorly clad, therefore we will destroy food, and we will destroy clothing. Is that a sound principle?

Mr. FESS. No. I recall what the Senator from Kansas said the other day, to this effect, "You cannot make me believe, at a time like this, with so many people needing food, that it is a sound principle to destroy food." I think the Senator from Idaho is absolutely correct. What I am trying to bring out is that as an economic principle, if the purpose is to increase the price, a reduction in the yield of the product would naturally eventuate into that result.

Mr. President, in order to get away from the human element, which takes advantage of an agreement such as has been entered into by the Secretary of Agriculture, there is a proposal to make it compulsory, and there is now before this body a bill, which I am told is backed by 90 percent of the cotton producers, intended to make the reduction of acreage not the result of agreement but of law, with the compulsion of law behind it.

If that is done as to cotton, it will be done as to wheat, it will be done as to corn, it will be done as to every basic article under the adjustment plan, and if we proceed along that line, the time will soon arrive when no farmer will put a plow in his field or turn a single furrow without first getting permission from a bureau here in Washington.

Mr. President, that sort of thing is within the possibilities; the way is open for it, but I do not believe the American people will stand for it 24 hours, when they realize what it



involves. I am willing to concede, for the sake of argument, that the purpose of the administration of this act seems to be well grounded, but the practice is not good.

Reverting to what was said by the Senator from Idaho, I have here an editorial, published September 2 last in the Washington Post, which reads:

Under Secretary Wallace's plan to purchase 4,000,000 pigs under 100 pounds in weight by offering a special price which will remove them from market competition next year when they would have become full-grown porkers, the youngsters are being rushed to the slaughter. Over 40,000 arrived in Chicago in 1 day, exceeding the packing-house capacity by 5,000. Reports indicate that throughout the country probably 1,000,000 piglets will be marketed by the end of the first week.

The offer of a \$4 flat premium on 1,000,000 sows exceeding 275 pounds in weight has not met with the same prompt response.

I am reading this editorial because it comments upon the impracticability of the proposal.

Whether this is due to the fact that many sows are found to be underweight, or, as Secretary Wallace is credited with suggesting, the farmers shrewdly anticipate more little pigs to sell next year, has not been clearly determined. But there is no question about the way the youthful progeny is rolling in, and it looks as though the full 4,000,000 quota would be received by the deadline set for October 1.

The general program is expected to increase the market price of hogs by from 25 to 30 percent, but that will apply to hogs sold next winter. The desirability of selling young pigs now is calculated roughly in this way: If a 225-pound hog can be sold in 4 or 6 months at \$6 per hundredweight, it would bring \$13.50. The emergency price for an average 60-pound pig now is \$8 per hundred pounds, or \$4.80. To fatten this 60-pounder into a 225-pound hog would necessitate feeding him some 16 bushels of 50-cent corn, an expense of \$8, which, subtracted from next year's value of \$13.50, leaves \$5.50.

That is precisely what took place with this program. Instead of the price of hogs increasing the price of hogs has been decreasing until, as was shown by the list submitted to me by the Department of Agriculture, to which I referred a few days ago, the price of hogs has gone below what it was before the adjustment act was put into operation.

In order to give the Senate a clear picture of the situation, I want to read another editorial. This is also from the Washington Post of September 25, last:

Some interesting facts are brought to light by a statement of the Agricultural Adjustment Administration as to its hog-slaughtering campaign.

This covers the subject to which the Senator from Idaho referred:

The Government has purchased approximately 3,575,000 swine, from which have been cured 51,000,000 pounds of meat. The average is a little better than 14 pounds of meat per pig.

I hope Senators will note that.

To get a clear picture of what the A.A.A. has accomplished it is necessary to break up these figures. Only a small portion of the total number of pigs slaughtered is being converted into food. About 36,000,000 pounds of meat have been obtained from 600,000 pigs weighing from 80 to 100 pounds each and 75,000 sows have yielded 15,000,000 pounds of meat. This leaves 3,500,000 smaller pigs with a total weight of about 159,000,000 pounds from which no edible substances appear to have been saved.

If the average yield of meat per pig is no higher in the future than it has been thus far, there is some doubt as to whether the A.A.A. will be able to supply the Federal Emergency Relief Administration with 100,000,000 pounds of cured pork. Director Hopkins has announced the allotment of that amount of pork to the various States. But at present only 51,000,000 pounds of meat are available.

Nearly 60 percent of the pigs called for in the Government's program have been slaughtered. The deficiency might be made up by larger purchases of heavier swine, but farmers are extremely reluctant to part with their sows. Only 7.5 percent of the number sought by the A.A.A. agents have been purchased thus far.

In spite of this probable shortage, thousands of tons of pork are going to waste. From the statement of A.A.A. authorities it appears that nothing has been salvaged from the slaughter of 2,900,000 pigs weighing less than 80 pounds, except 13,000,000 pounds of inedible grease and 13,000,000 pounds of fertilizer. The Government has spent \$13,000,000 for pigs of this type, or 50 cents per pound for grease and fertilizer. In some cases the undried tankage has been turned over to farmers on request. In other cases it has been destroyed for lack of tankage facilities.

Mr. President, if we take the final statement of the adjustment in connection with the hog program, it will be found that the hogs, instead of costing the Government the amount

it would ordinarily pay out to buy livestock will cost the Government something like 32 cents a pound. When the figures are analyzed to indicate what the Government bought, what the Government did with what it purchased, what the Government paid for what it purchased, and what the Government received from the transactions, it will be found that the cost to the Government will amount to something between 32 and 33 cents a pound.

Such, Mr. President, is, of course, the practice of the Government. It is naturally most wasteful and most extravagant. When we talk about turning the business of industry over to the management of the Government, such waste and such extravagance is precisely what we are proposing to bring about.

I will read, Mr. President, a letter which came in to me today:

I have been reliably informed that an amendment to the A.A.A. to include beef cattle as a basic commodity has been passed by the House and is now up for consideration by the Senate. Allow me to state that if the Government is going to manage my business and prevent my making any money, I will soon be asking the Government for support.

I signed the corn-hog contract, largely because the farmers will all pay the processing tax whether they sign or not; most farmers realize this; hence the heavy sign-up. But not long ago I bought a small bunch of cattle intending to grass them. If cattle are made a basic commodity, I suppose I will have to sell them or else cancel the contract. There are plenty of farmers who think the whole program isn't right, but feel they are forced to sign.

Please use all the influence available to defeat this unjust amendment.

Probably the farmer who wrote the foregoing letter does not know the exact operation of the proposed amendment. The cattle producers do not observe any increase in price, in spite of the 60-cent dollar and in spite of what would seem to be the only common-sense view, that if we cheapen the dollar we naturally increase the price. Yet, in the face of that, the price of livestock has gone down, and the farmer is suffering. The farmer is coming here and asking us to do something for him. If we have done it for others, why should we not do it for him? There is not any reason why it should not be done; that is, if it is proper to do it for one, it will be proper to do it for the other. But at the same time we objected to the processing tax, because it is a sales tax, a sales tax on food, and it is a tax levied not by Congress but by an arm of the Executive.

Others say that every article must stand on its own feet; that, if we are going to do some favor for the farmer, should there, on the other hand, be any loss, he must suffer. Consequently, persons who do not like the processing tax, and at the same time feel that if the Government does something for the producers of one commodity it ought to do it for others, are desirous of including cattle in the Agricultural Adjustment Act but to exempt cattle from the processing tax. I hardly see how that can be done, Mr. President.

It is true that the processing tax, in the case of cattle, very likely will not be assessed against the consumer. It is likely to be assessed back to the producer, and, if it is—and it probably will be done—then the inclusion of cattle in the Agricultural Adjustment Act, with the processing tax, would necessarily be an injury to the cattlemen greater than that they are now suffering.

Yet how are we to make flesh of one and fowl of the other? Why put the processing tax on the one and not on the other? The whole program is artificial and should never have been entered upon. On the other hand, it should be repealed just as soon as Congress can do it.

Some people have the opinion that everyone is in favor of this artificial proposal. That is a great mistake. I have here a letter from a baker, as follows:

It would be just as fair for the Government to tell me, "Instead of baking 100 loaves of bread, you bake 80 loaves only, and we will not only pay for the 20 you do not bake but also a higher price for what you do bake."

Thus setting aside every law of trade based upon supply and demand.

Mr. DICKINSON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Iowa?

Mr. FESS. I yield.

Mr. DICKINSON. A most interesting suggestion came to me the other day. The suggestion was that, in view of the fact that we have overbuilt in many of our cities, the Government should assume the responsibility of paying rental on 20 or 25 percent of the rental space for stores and for offices and for all the other types of real estate suffering the same slump as every other line of business. Is that not just as logical as the other things that have recently been done?

Mr. FESS. The Senator knows that that is not only logical but if we pursue the course of socialism that we have entered upon we shall be driven to do that thing.

I was somewhat amazed at the answer of Mr. Davis, who is the best authority on the agricultural adjustment law, I think, in Washington. When he was asked, "If we appropriate \$200,000,000, how will that ever be returned?" his answer was, "I had not thought about it." No, Mr. President, that had not been thought of. Why think about it? Why in these days think of any sum that comes from the Treasury? If some use can be found for the money, let us appropriate it. When asked the question, "How will it be repaid?" the answer is, "We had not thought of it." I would not expect them to; that is not their function.

The statement appears in a newspaper that payments to farmers exceed the amounts received from them by \$122,431,666. That statement is given out by the Associated Press of February 27.

Mr. President, it is certainly a trite question to ask "What is to be the end of this program?" We have had an experiment with respect to hogs, a laughable mistake if it were not so serious. We have made an experiment with respect to cotton, an admitted blunder. We are now trying to correct it in a way that will be very dangerous. Other experiments have been tried and prices have gone up, but, unfortunately for the proponents of the program, the commodities not covered by the A.A.A. have had a greater increase in price than those in the A.A.A. That is what the Senator from Idaho referred to a while ago when he suggested that the price would not necessarily go up and substantially remain up. Yet, in the face of this dismal blunder, we are closing our eyes and saying, "Well, it is an experiment; we do not have anything else to do, and therefore we have decided we will not only do it but we will continue it and will enlarge it."

Mr. President, of course, while I have sympathy for the livestock man, knowing that if we do take this action in one case we will have to take it in others, I cannot vote for any such amendment as the one now proposed.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, returned to the Senate, in compliance with its request, the bill (S. 2359) to provide for the disposition of unclaimed deposits in national banks.

#### EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I rise to a point of order.

The PRESIDING OFFICER. The Senator will state his point of order.

Mr. ROBINSON of Arkansas. The hour of 2 o'clock having arrived, the Senate has agreed to proceed to the consideration of executive business.

Mr. FESS. I was aware of that, and so I stopped.

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to.

#### EXECUTIVE REPORTS OF COMMITTEES

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. HARRISON, from the Committee on Finance, reported favorably the nomination of Bernice Pyke, of Cleveland, Ohio, to be collector of customs for customs collection dis-

trict no. 41, with headquarters at Cleveland, Ohio, to fill an existing vacancy.

Mr. PITTMAN, from the Committee on Foreign Relations, reported favorably the following nominations in the Diplomatic and Foreign Service:

Frank P. Corrigan, of Ohio, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to El Salvador;

Karl deG. MacVitty, of Illinois, to be secretary in the Diplomatic Service; and

H. Earle Russell, of Michigan, to be consul general.

The PRESIDING OFFICER. The reports will be placed on the calendar.

#### ROBERT H. JACKSON

The PRESIDING OFFICER. The question is on the confirmation of the nomination of Robert H. Jackson to become general counsel Bureau of Internal Revenue.

Mr. HARRISON. Mr. President, I desire to bring to the attention of the Senator from Michigan [Mr. COUZENS] that the nomination of Mr. Jackson is now before the Senate.

Mr. COUZENS obtained the floor.

Mr. KEYES. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Kean	Robinson, Ark.
Ashurst	Couzens	Keyes	Robinson, Ind.
Austin	Cutting	King	Russell
Bachman	Davis	La Follette	Schall
Bailey	Dickinson	Lewis	Sheppard
Bankhead	Dill	Logan	Shipstead
Barbour	Duffy	Loneragan	Steiwer
Barkley	Erickson	Long	Stephens
Black	Fess	McAdoo	Thomas, Okla.
Bone	Fletcher	McCarran	Thomas, Utah
Borah	Frazier	McKellar	Thompson
Brown	George	McNary	Townsend
Bulkley	Gibson	Murphy	Trammell
Bulow	Glass	Neely	Tydings
Byrd	Goldsbrough	Norris	Vandenberg
Byrnes	Gore	Nye	Van Nuys
Capper	Hale	O'Mahoney	Wagner
Caraway	Harrison	Overton	Walcott
Carey	Hatch	Patterson	Walsh
Clark	Hatfield	Pittman	Wheeler
Connally	Hayden	Pope	White
Coolidge	Hebert	Reed	
Copeland	Johnson	Reynolds	

Mr. LEWIS. I desire to announce that my colleague the junior Senator from Illinois [Mr. DIETERICH] and the Senator from South Carolina [Mr. SMITH] are necessarily detained from the Senate. I wish further to announce that the Senator from Kansas [Mr. MCGILL] is absent on account of a severe cold.

The PRESIDING OFFICER. Ninety Senators having answered to the roll call, there is a quorum present.

#### THE CALENDAR

Mr. McKELLAR. Mr. President, will the Senator from Michigan yield?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Tennessee?

Mr. COUZENS. I yield to the Senator from Tennessee.

Mr. McKELLAR. As I understand, the Senator's objection is to the first nomination. Would he have any objection to having the nominations on pages 2 and 3 of the calendar acted on at this time?

Mr. COUZENS. I would not.

Mr. McKELLAR. I ask unanimous consent that the nominations, beginning on page 2 and going to the end of the Executive Calendar, may be acted upon at this time.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the clerk will state the first nomination in order.

#### CUSTOMS SERVICE

The legislative clerk read the nomination of Thomas Temple Hoyne to be comptroller, collection district no. 39.

Mr. LEWIS. Mr. President, I move that the nomination of Mr. Hoyne be confirmed.

The motion was agreed to.



The legislative clerk read the nomination of William J. O'Brien to be collector of customs, district no. 9.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

#### POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters may be confirmed en bloc.

The PRESIDING OFFICER. Is there objection? The Chair hears none and the nominations of postmasters are confirmed en bloc. That completes the calendar with the exception of the two nominations passed over.

Mr. TRAMMELL subsequently said: Mr. President, a short time ago the Senate confirmed the appointment of a postmaster in Florida, no. 1248 on the calendar. I ask that the vote by which that nomination was confirmed be reconsidered, and that the nomination be recommitted to the Committee on Post Offices and Post Roads.

Mr. McKELLAR. Does the Senator refer to the Greenville, Fla., postmastership?

Mr. TRAMMELL. Yes.

Mr. McKELLAR. I hope the Senator's request will be complied with.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the vote by which the nomination was confirmed is reconsidered, and the nomination will be recommitted to the Committee on Post Offices and Post Roads.

#### ROBERT H. JACKSON

Mr. COUZENS. Mr. President, the question before the Senate is the nomination of Robert H. Jackson, which is Order No. 925 on the Executive Calendar. I am somewhat embarrassed at having this nomination taken up this afternoon, due to the absence of the Senator from Maryland [Mr. TYDINGS]. The Senator from Maryland approached me along about the last of January or the 1st of February and asked me to join with him in protest against the action of the Secretary of the Treasury in removing Mr. E. Barrett Prettyman as general counsel for the Internal Revenue Bureau. He said the methods of the Secretary of the Treasury were reprehensible in this matter, and asked me to join with him in protest against the removal of Mr. Prettyman and the appointment of his successor.

I immediately got in touch with the Secretary of the Treasury and asked him if he had discharged Mr. E. Barrett Prettyman. He replied he had not. I said, "I understand you have asked for his resignation", and the Secretary of the Treasury said he had. I then asked what the difference was between discharging a man and asking for his resignation, and the Secretary of the Treasury said, "Why, he does not have to grant my request for his resignation." That, Mr. President, seemed so frivolous to me, coming from the Secretary of the Treasury, that I was astounded. It afterward transpired that Mr. Prettyman did accede to the Secretary's request for his resignation, and subsequently there was appointed in his place the nominee whose name is now before the Senate, Mr. Robert H. Jackson, of Jamestown, N.Y., to be general counsel for the Bureau of Internal Revenue.

On the 14th of February the Chairman of the Finance Committee, the senior Senator from Mississippi [Mr. HARRISON], called a hearing. The Senator from Maryland asked permission to be present and to examine the Secretary of the Treasury, Mr. Jackson, and Mr. Prettyman. The Senator from Maryland did appear before the Finance Committee, and examined the Secretary of the Treasury as to the reasons for removing Mr. Prettyman. The question of the confirmation of the nominee, Mr. Jackson, was not a matter that was greatly involved. The question was the procedure and the methods adopted by the Secretary of the Treasury in removing Mr. Prettyman.

I thought at the time there were stenographic notes taken of the hearing, but I have since been informed by the clerk of the committee that no stenographic notes were taken of the hearing.

It appeared that Mr. Prettyman presented to the Secretary of the Treasury a proposed settlement of some cases with which the Secretary of the Treasury disagreed. The Secretary of the Treasury told the general counsel, Mr. Prettyman, that he wanted them settled in another way, and the general counsel, Mr. Prettyman, acceded to the decision of the Secretary of the Treasury. The Secretary of the Treasury was asked at the hearing if there was any insubordination on the part of Mr. Prettyman, and he answered in the negative that there was no insubordination; but the justification the Secretary of the Treasury advanced for the removal of Mr. Prettyman and the selection of Mr. Jackson was that he wanted a man who would do as he wanted and think as he thought and a man on whom he could absolutely rely; and yet at no time did he make the statement that he could not rely on Mr. Prettyman. At the hearing I asked, if Mr. Jackson disagreed with him in the next 30 days would he discharge Mr. Jackson and ask the Senate to confirm someone else. The Secretary of the Treasury said in all probability he would.

The question involved is not a question of personality. It has been reported in the press that Mr. Prettyman was at one time my counsel. That is not true. In the so-called "Mellon suit" against the Ford minority stockholders, one of my associates in the case employed a firm of which Mr. Prettyman was a member, but neither Mr. Prettyman nor his firm represented me, and so I have at no time had any connection with Mr. Prettyman. I do not recall ever having seen him until his name came to the Senate for confirmation, at which time I went into his record very carefully because of my long-continued interest in the administration of the Treasury Department and particularly of the Bureau of Internal Revenue.

This is not a matter of personality. It is a matter of method. I desire now to condemn vigorously the methods of the Secretary of the Treasury in this matter and to further point out that his statements were unreliable and not dependable. At the hearing on February 14 he was asked if Mr. Jackson had been sworn in or had taken the oath of office, and he said that he had. He made no further comment than that, and yet, as I shall point out later, Mr. Jackson took his office on February 1, 1934, and was not sworn in until February 9, 1934, when he was sworn in as special counsel pending his confirmation as general counsel.

Having gone into this matter primarily at the urge of the Senator from Maryland [Mr. TYDINGS] I am required, I am sorry to say, in his absence to differ with some of the statements he made this morning prior to the Senate's going into executive session and taking up the matter. I am not charging any improper motive to the Senator from Maryland, but I notice that he has changed his viewpoint materially apparently since his friend Prettyman has received an appointment as corporation counsel for the District of Columbia. In the statement of the Senator from Maryland this morning, speaking of Mr. Prettyman, he said:

I regret that he has tendered his resignation because, as I said, he is a man well versed in the income tax laws, a man of unimpeachable integrity and of outstanding ability in his profession. However, the new Secretary of the Treasury, Mr. Morgenthau, for reasons best known to himself, wanted in that position a man whom he knew. He said he had nothing at all by way of criticism to say of Mr. Prettyman.

That is not in accordance with the evidence. The evidence before the Finance Committee was to the effect that Mr. Morgenthau did have objections to Mr. Prettyman because Mr. Prettyman did not think along the same lines as the Secretary. The Secretary said he wanted a man who would think as he thought. So Mr. Prettyman was not above criticism, as stated by the Senator from Maryland to the Senate this morning.

Mr. LONG. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Michigan yield to the Senator from Louisiana?

Mr. COUZENS. I yield.

Mr. LONG. Did not Mr. Morgenthau want to keep Mr. Bailie in office also on account of knowing him so well; was not that the reason he gave?

Mr. COUZENS. Yes; but that is another story, a long story, and one that does not add anything to the reputation of Mr. Morgenthau.

Mr. LONG. I want to inform the Senator from Michigan that I heard on the floor this morning that the banking house with which Mr. Bailie was connected, Seligman & Co., was one of the fortunate ones that unloaded its aircraft stock because it was told in advance about the cancellation of the air-mail contracts.

Mr. COUZENS. I have no information in that connection.

Mr. LEWIS. Mr. President, will the Senator from Michigan yield for a question?

Mr. COUZENS. Certainly.

Mr. LEWIS. I take the liberty of asking the Senator from Michigan about his remark as to the Secretary of the Treasury having insisted that some person should be appointed who would think along the same lines as himself. I take it the Senator means the new nominee, Mr. Jackson. Will the Senator say that the Secretary himself made that statement, or was it brought to the Senator from someone who claimed to speak for the Secretary of the Treasury?

Mr. COUZENS. The Secretary said that himself before the Finance Committee at a time when I was present, and at the time he was being examined by the Senator from Maryland [Mr. TYDINGS].

Mr. LEWIS. I wish to ask the able Senator if he did not understand that the Secretary meant someone thinking along the lines of policy in harmony with the Secretary of the Treasury, and not a personal matter of thinking individually in his own behalf.

Mr. COUZENS. I assume that the Senator from Illinois has put a proper interpretation upon it; but, as I pointed out, either before the Senator from Illinois came into the Chamber or at some other time, there was at no time any charge of insubordination against Mr. Prettyman. As long as Mr. Prettyman had gone along the lines that he had been instructed by the Secretary to pursue, there could have been no difference with respect to policy, although there may have been a difference with respect to details, as the Senator from Illinois now points out.

I continue to quote from the statement made this morning by the Senator from Maryland [Mr. TYDINGS]:

He said he had nothing at all by way of criticism to say of Mr. Prettyman; that his work had been splendid; that he had applied himself with great diligence to the collection of the taxes and the settlement of the disputes; but he said he thought it was only fair, inasmuch as he had ultimate and final responsibility in the matter, that he should have a man as general counsel whom he knew; and that for no other reason he was anxious to place Mr. Robert H. Jackson in the position, because he had been associated with Mr. Jackson for some time in the past.

Mr. President, I am somewhat handicapped because I do not have the hearings before the Finance Committee in typewritten or printed form; but as I recall—and the Senator from Mississippi [Mr. HARRISON], chairman of the committee, will correct me if he thinks I am inaccurate—there were some matters presented to the Secretary of the Treasury by Mr. Prettyman and by the Commissioner of Internal Revenue, Mr. Helvering, in the settlement of a fraud case.

The Secretary of the Treasury objected to the settlement of the fraud case, to which no one I know of in the committee objected. It appears that the former Commissioner of Internal Revenue had told counsel for the concern involved that if he would plead guilty of fraud and submit the facts, the case might be settled and compromised. That was before the advent of the new administration or at least before the advent of the present Secretary of the Treasury, who was then Undersecretary of the Treasury.

In that matter of settlement Mr. Prettyman and the present Commissioner of Internal Revenue agreed with the decision of the former Commissioner of Internal Revenue, and submitted it to the Secretary of the Treasury. The Secretary of the Treasury, exercising his prerogative, as he had

a perfect right to do, declined to agree. He sent Mr. Prettyman and Mr. Helvering back and said he would not settle the case on that basis. That, it seems, was the primary difference which arose between the Secretary of the Treasury and Mr. Prettyman.

The Committee on Finance did not attempt to give any consideration to the merits of the controversy which first arose between Mr. Prettyman and the Secretary of the Treasury. I think if the committee had taken a vote on the matter, we would have agreed generally with the Secretary of the Treasury. But that is not the point involved. The point is that the Secretary of the Treasury misstated the facts with respect to Mr. Jackson's being sworn in, misstated the facts with respect to Mr. Prettyman's removal, and did as a matter of fact declare that he wanted a man who would "go along with" him. I specifically asked the question, "If Mr. Jackson differs with you within 30 days, will you remove Mr. Jackson and send a new nomination for us to confirm?" Mr. Morgenthau replied, "In all probability", or "possibly", or something to that effect.

The point I am trying to make is that the whole issue was raised in the first instance by the Senator from Maryland [Mr. TYDINGS] because of the methods of the Secretary of the Treasury; and because of my long-continued interest in the Internal Revenue Bureau he solicited my assistance in bringing to the attention of the Senate and the country the methods of the Secretary of the Treasury, which I wholly condemn, and which I think he condemns, and which I know others condemn. The Senator from Maryland, however, has made his statement, which is not in accordance with the statements he has made to me, nor in accordance with the hearings that were held before the Finance Committee; but he states that he has been required to leave for New York, and is unable to participate in this discussion.

It also appears that Mr. Prettyman was a very good Democratic friend of the Senator from Maryland, and he has since gotten Mr. Prettyman a job as corporation counsel for the District of Columbia, and therefore the Senator from Maryland has lost his interest; at least, he has lost the interest he first had when he invited me to join him in this protest.

Mr. REED. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Pennsylvania?

Mr. COUZENS. Yes; I yield.

Mr. REED. I have my doubts as to whether we can correct injustices in dismissals by refusing to confirm the successor; but I am wondering what sort of testimony it is to the qualities of Mr. Jackson if the Secretary of the Treasury admits that he expects him to be nothing but a "yes man" for him.

What has the Senator to say about that?

Mr. COUZENS. When Mr. Morgenthau, Mr. Jackson, and Mr. Prettyman were before the Finance Committee, having the same thing in mind that the Senator from Pennsylvania had, I asked the Secretary in case Mr. Jackson disagreed with him at any time whether he would remove him and we would be asked to confirm a successor; and Mr. Morgenthau said, "In all probability", or "possibly." I cannot quote the exact words, because there appears to have been no record taken of the hearings, although I understood at the time that a record was being taken.

Later on—and I desire to point this out because I think the Secretary of the Treasury was absolutely tricky, and I think he is wholly unreliable, in this connection, at least—on February 9, I think, someone down in the Treasury Department drew my attention to the fact that Mr. Jackson was occupying his position in the Treasury Department before he had been confirmed, or before he had taken his oath of office. I went to the telephone and called up the Secretary, and he was not available; so I talked with Mr. Helvering, the Commissioner of Internal Revenue, and asked him if Mr. Jackson was occupying his position in the Bureau of Internal Revenue. Mr. Helvering answered in the affirmative. I said, "It is strange that he is occupying his position in the Bureau of Internal Revenue before he



has been confirmed and before he has taken his oath of office", to which Mr. Helvering said, "That is not right. It should not be that way."

Later, on the 14th, Mr. Morgenthau was asked, before the Committee on Finance, whether Mr. Jackson had been sworn in, and he answered in the affirmative; that he had been sworn in as special counsel. He made no explanation that Mr. Jackson served 9 days without being sworn in, during which time he was under no oath of office. Mr. Jackson had access to all the records of the Internal Revenue Bureau. He had information as to income-tax cases and as to settlements which no Member of Congress can get, which are, under the law, secret; yet this man Jackson, who was not even an employee, who had taken no oath of office, who had not been confirmed, had access to all these records.

Later on Mr. Jackson telephoned me, I think, and as a result wrote the letter which I will read to the Senate. It is dated February 21, 1934, and is addressed to me:

Enclosed is a list of my substantial or permanent clients. I shall be glad to give you any further information pertaining to any of them and to furnish a detailed statement of services rendered to any of them and the charges made therefor, or to bring the office books down for your inspection. No claim of privilege will be made as to any business which I have transacted.

I began to work on February 1 at the direction of the Secretary of the Treasury, and, as I am informed, by the express approval of the President. It was after you called attention—

I want to emphasize this. I am quoting:

It was after you called attention to the possible irregularity of the procedure that I took the oath as temporary special counsel. This was done on the 9th day of February. Prior to that time my work consisted chiefly in going over matters which Mr. Prettyman thought should have my attention and other matters of policy with him and other members of the staff.

I had planned to go to Jamestown tonight, returning here Monday morning. I will, however, of course defer the trip, or return here earlier, if you wish.

Please do not hesitate to ask any information you wish, however personal, as I do not want to start work with any misapprehension on the part of those whose opinion I would value, and whose support I would need in office.

(Signed) ROBERT H. JACKSON.

To this letter he attaches, as he states, a "list of substantial clients, 1933, in order of relative importance of fees."

I am not raising any particular objection to Mr. Jackson; but he has a number of clients that it would have been preferable he did not have, going into an office with several hundred attorneys, without any past experience, without any knowledge of internal-revenue matters, and coming from a place like Jamestown, where there never was any great opportunity to have a large office experience.

Mr. LONG. Mr. President, will the Senator tell us who some of those main clients are?

Mr. COUZENS. Yes; I will put them all in the RECORD after I conclude my remarks.

Mr. LONG. Will the Senator read a few of them, please?

Mr. COUZENS. Yes. The list is as follows:

LIST OF SUBSTANTIAL CLIENTS, 1933, IN ORDER OF RELATIVE IMPORTANCE OF FEES

Bank of Jamestown: General counsel; director; chairman merger committee negotiating merger three banks.

Estate Sheldon B. Broadhead (Robert H. Jackson, one of administrators) (died 1925): Controls or has large interest in Jamestown, Westfield & Northwestern Railroad (electric, 30 miles); Jamestown Street Railway; Jamestown Motor Bus Co.; Jamestown Worsted Mills; Chautauqua Navigation Co. (practically defunct); Chautauqua Traction Co. (in liquidation); Broadhead Realty Co. (owns real estate, formerly William Broadhead); Broadhead Holding Co. (owns stocks and bonds Broadhead companies). This estate in bad financial condition.

Superintendent of Banks of New York State: Liquidation of Shearman State Bank and Sinclairville State Bank.

Jamestown Telephone Corporation: Local company. New York Telephone Co. owns nonvoting stock.

The New York Telephone Co. is a subsidiary of the American Telephone & Telegraph Co.

Local interests own two thirds voting stock. Is now engaged in controversy with New York Telephone Co. over toll rates and litigation likely. I do not represent the A. T. & T. or any subsidiary of A. T. & T. Have been active in Independent Telephone Association affairs. My employment is by J. N. Wright—active in fighting A. T. & T. in competition and in antitrust prosecution during Wilson administration.

That is going a long way back.

Homer M. Preston estate: Coexecutor and attorney. About administered. Still interested real estate St. Paul, Minnesota, Florida, and Jamestown.

Jamestown Mutual Insurance Co.: Local mutual insurance company handling compensation and automobile liability.

Niagara, Lockport & Ontario Power Co. and Hydraulic Race Co., subsidiaries of Niagara-Hudson.

The Niagara power interests is the great power interest of the State of New York, as all of you know.

Local attorney: Company sold its distribution system to city of Jamestown in 1929 and now sells power to municipal plant, which also manufactures. Tried one long lawsuit for Race Co. involving dispute with Niagara Falls Milling Co. over amount of water to be taken from its raceway.

These companies' fees together never amounted to 10 percent of my practice. Connection came about through N. L. & O. P. Co., buying small electric plant that I had been attorney for.

National Chautauqua County bank: Reorganized after bank holiday. Have represented them in resulting litigation. Argued for it that Emergency Banking Act was constitutional when their existence challenged. Favorable decision New York Supreme Court.

Fanny Jones estate: Litigation over construction of will.

Hultquist estate: Usual proceedings.

Pennsylvania Gas Co.: Distributes natural gas from Pennsylvania fields. Occasional negligence suit and question with customers. Public Service Commission hearing on minimum bill regulations.

Ashville & Panama Telephone & Telegraph Co.: Rural telephone line owned by about 20 local people. Not an A. T. & T. company. Reorganized last year as franchise expired.

Post Publishing Co.: Publishes Jamestown Morning Post. Business advice and libel suits defense.

Other clients who consult frequently: Blackstone Manufacturing Co., makes washing machines; Watson Manufacturing Co., makers of metal furniture and hollow metal; Chautauqua Worsted Mills, worsted textiles; Emprere Case Goods Co., bedroom furniture; Davis Furniture Corporation, four plants, bedroom and dining room; Ellison Bronze Co., bronze workers; Hotel Jamestown, Inc., owns and operates two hotels; New Process Co., mail-order merchants.

Litigation: Several defenses for insurance companies; Kellogg Lumber Co. v. Union Furniture Co., for defendant; South Shore Association v. H. J. Heurz Co., for defendant; Gates v. Prudential Insurance Co., for plaintiff; Goseoski v. International Rwy. Co., for plaintiff; Johnson v. Johnson Estate (suit to impress trust), for defendant; W. D. Packard Est. v. J. W. Jackpard Est., for claimant.

These consist of litigation in State or Federal courts and counsel work.

We have no lobbying relation with State or Federal Government or city government.

Mr. President, as I stated when I began my remarks, there is no personal matter involved so far as I am concerned. It is the matter of methods. I am very doubtful of the ability of the Secretary of the Treasury to conduct that great office in the light of the methods which have developed in the few weeks or months that he has been in charge.

I am not going to make any protest against the confirmation of Mr. Jackson. Other Senators have the same records that I have, but it is quite evident that Mr. Jackson and all other employees in the Treasury Department will have to be "yes men"; unless they are, they will be removed and we shall have before us other nominees to take their places.

While I am on that subject, it is well known that almost ever since I have been in the Senate, or at least since 1923, I have been more or less a critic of the administration and the conduct of the Treasury Department. I was hoping that under the new deal I should at least be freed from thinking I had to observe the conduct of the Treasury Department. It seems, however, from all the information I can get, that the need for watching the Treasury Department is going to be as great as it was under the famous Mellon.

I have here a clipping showing that no matter what administration we have, apparently we cannot prevent a grapevine connection between all parties and all interests.

It is well known that under the \$2,000,000,000 equalization fund that was granted to the Secretary of the Treasury under the so-called "gold act", the agent for the Treasury Department was to be the Federal Reserve Bank of New York. I read from a clipping taken from a Pittsburgh paper, I think it is:

Bank promotes Ray Harrison. Richard K. Mellon, the new president of the Mellon National Bank, announced today that Ray

Harrison, assistant cashier, has been promoted by the board of directors to be the vice president.

I am not going to read all of this clipping, but it states near the end—

He is a brother of George L. Harrison, governor of the Federal Reserve Bank of New York.

So, whether premeditated or otherwise, it is quite apparent that there is to be a connection between the old Mellon interests and the present administration of the Treasury Department.

Further than this, I do not care to have anything to say.

Mr. HARRISON. Mr. President, I think the Senator from Michigan [Mr. COUZENS] has made a very fair and a very correct statement of the facts as they were brought out in the Committee on Finance. Of course, I do not subscribe to some of his conclusions in criticism of the Secretary of the Treasury, to the effect that he is unreliable and tricky, because I saw nothing in the whole proceeding which in the wildest flight of the imagination would lead me to think that the Secretary was tricky or unreliable. On the contrary, it seemed to me that in this whole matter the Secretary of the Treasury was trying to lay the cards on the table, so to speak, that he took the committee into his complete confidence, and that he was trying to tell the truth, in his simple way, about the matter.

Of course, the Secretary of the Treasury has not been in his present office very long. He has not had that large and long experience in financial matters my friend the Senator from Michigan has had. Because of his lack of experience, he cannot express himself in that sweet, adroit, and persuasive way that characterizes the Senator from Michigan. But I predict for the Secretary of the Treasury that, while he may make mistakes as to some of his appointments, there will never be anything during his administration that will reflect upon his honesty and his integrity and his great desire to conduct the Treasury Department in the interest of the American people.

There is no great controversy about this matter. I regretted that the Secretary of the Treasury saw fit to ask for the resignation of Mr. Prettyman. All that was said by the Senator from Maryland [Mr. TYDINGS], all that was said by the Senator from Michigan in tribute to Mr. Prettyman's work and services, is true. He made an excellent and competent official in the Treasury Department. But the Secretary of the Treasury said that he preferred someone else in that position; and when the committee asked him why, he said, "I wanted one who, I believed, thought along the same lines I did, and one in whom I had complete confidence."

The Senator from Michigan is right; the Secretary of the Treasury did tell us that he wanted a man as general counsel of the Bureau of Internal Revenue in whom he had complete confidence and who thought along the same lines he did. He went further and said that if he should find that Mr. Jackson did not think along those lines, it might be that he would ask for his resignation. It may be that the Secretary of the Treasury is wrong in that position; I do not know, but that is the way he wants to conduct the Treasury Department, and that is the way he wants to keep free from criticisms which my friend from Michigan and others might hurl at him.

I did not believe there was enough to justify asking for the resignation of Mr. Prettyman; but this was the cause of the difference of opinion: The Secretary said that when Mr. Burnett was Commissioner of Internal Revenue there were some fraud cases before the Bureau, and an attorney, I think it was, went in one day to Mr. Burnett and said, "You do not know anything about this fraud, but I will reveal it to you, provided you compromise the case, and the Government, by compromising this case and accepting our version of it, will get something more than \$200,000." I believe that was the sum, but I am not sure as to the exact amount.

I do not criticize Mr. Burnett for his stand, but he did accept the version of the attorney and compromised the case. Then there was a change of administration, and those fraud

cases came over to the solicitor's department under the new Secretary. Mr. Prettyman took the view that since the past administration, acting through Mr. Burnett, had agreed upon this compromise, he ought to stand behind it, and he recommended to the Secretary of the Treasury an acceptance of it. Mr. Morgenthau said, "I shall not accept a compromise in fraud." He felt that he might be a party to it if he did accept it, and he took just the opposite policy.

People may differ as to that matter. Mr. Prettyman was honest in his interpretation of the policy, and certainly the Secretary of the Treasury was honest in the policy he laid down. But he said, "I just felt that if I had somebody in that position who, I knew, would think along my lines of thought, I would feel better", and that is why he asked for the resignation of Mr. Prettyman. He did not reflect in the slightest upon Mr. Prettyman. He said nothing against him. He said that Mr. Prettyman had ideas about policies different from his own, and that that was the only reason why he asked for his resignation.

No objection was raised in the committee to Mr. Jackson, not the slightest. Mr. Jackson came before the committee and answered all the questions the members of the committee asked him, and everything that was presented to the committee about Mr. Jackson bore out the fact that he was an excellent lawyer, and since the hearing I have been given to understand that he is one of the best lawyers in northern New York. He admitted that he did not know much about tax matters, that he had not specialized in those matters at all. He frankly gave this list of clients to the Senator from Michigan.

Mr. LONG. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. LONG. I suggest to the Senator that Mr. Jackson was attorney for the American Telephone & Telegraph Co., which should convince anyone that he was a good lawyer, because they do not hire poor lawyers.

Mr. HARRISON. It may be that he represented a telephone company at sometime, and it may be that because of that fact he ought to be turned down; I do not know. I do not suppose I could hold a place here if the rule were invoked that at sometime in my life I represented somebody who was tied up in some remote degree with some interest. It never was charged, however, that Mr. Jackson represented special interests. There was no objection to him on that ground. Indeed, after the hearings were closed, the Senator from Michigan, with the spirit of fairness which always inspires him, moved that the nomination be reported favorably by the committee.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. COUZENS. During the comments I made previously, I stated that I raised no particular objection to Mr. Jackson. I submitted his record for the Senate, and in the committee I did exactly what the Senator has stated. After the Senator from Maryland had left the room, and it was not an issue between Mr. Jackson and the committee, but rather, in my judgment, between Mr. Morgenthau and the committee, there was no reason for holding up Mr. Jackson's confirmation, and the only reason why the confirmation has been held up has been that it seemed to me it afforded the only opportunity I would have to point out what I considered the reprehensible methods of the Secretary of the Treasury.

Mr. HARRISON. I thoroughly appreciate the Senator's stand. The Senator made a similar statement to me, and I am not offering any criticism of it. I was sorry Mr. Prettyman was let out, but I do not think that should be the basis of an objection in the Senate to the confirmation of Mr. Jackson.

I sympathize with the Senator, too, in that the distinguished Senator from Maryland has shifted a little bit in this matter. I do not know, but I expect he was provoked at first when his constituent, one whom he had probably endorsed and advocated, was let out. The Senator from Maryland felt a little bit provoked, no doubt. I suppose I would have been provoked. He said some things which perhaps he would not now repeat. If I had been in his position, I suppose I would have done what he did. He probably went



over and encouraged the Senator from Michigan to join with him in this fight. I do not know how the Senator from Michigan must look on the fact that the Senator from Maryland has left him at this particular stage of the proceedings.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. McKELLAR. I am in favor of the confirmation of Mr. Jackson, but I want to say that, so far as Mr. Prettyman is concerned, I have known him for many, many years, ever since his father was at one time Chaplain of the Senate, and there is no finer man than Mr. Prettyman. I cannot imagine a reason for his displacement. He is a splendid lawyer, a most conscientious and high-minded man and official, and I feel that I want to pay this small tribute to a man for whom I have such a high regard. I have confidence in his honesty, in his integrity, and in his ability, and I regret the situation which has arisen. I have no doubt that Mr. Jackson is a good man also, but I believe there is no better man than Mr. Prettyman. I am glad that the President has shown his confidence in Mr. Prettyman by appointing him to another high office immediately.

Mr. CLARK. Mr. President, if the Senator from Mississippi will yield, in response to what the Senator from Tennessee has said, I want again to emphasize, as the Chairman of the Committee on Finance has already done, that during the whole hearing before the Finance Committee there was not, either from the Secretary of the Treasury or anybody else, the slightest reflection on Mr. Prettyman. As a matter of fact, the Secretary of the Treasury stated that, while there had been some disagreement in policy, some difference in view, between him and Mr. Prettyman, he had such high respect for Mr. Prettyman that, in his desire to emphasize that Mr. Prettyman's resignation was not any reflection on either Mr. Prettyman's character or ability, he had already given direction that immediately after Mr. Prettyman's resignation he should be employed as special counsel in one of the biggest cases in which the Government was concerned at that time.

Mr. HARRISON. And to show that nothing reflects upon him, the President of the United States thought well enough of him to kick him upstairs into the corporation counselship of the District of Columbia.

Mr. COUZENS. Will the Senator from Mississippi yield at that point?

Mr. HARRISON. I yield.

Mr. COUZENS. The Senator knows that the President did that because of the great cry and protest that was made by the Senator from Mississippi and the Senator from Maryland and the Senator from Michigan and some other Senators. Let us not bluff each other. We know how Mr. Prettyman came to get the job of corporation counsel. [Laughter.]

Mr. HARRISON. I hope the Senator will exclude me from that designation.

Mr. COUZENS. I could not exclude the genial Senator from Mississippi, because it was his great influence, coupled with, as I understand, the influence of the Secretary of the Treasury, that got Mr. Prettyman the position of corporation counsel.

Mr. HARRISON. I would go a long way to keep the Senator from Michigan from making a fight on anything I have anything to do with, and I may say to the Senator that I have gone around with my basket a long time, and nothing has yet fallen into my basket, and I had nothing to do with the appointment of a corporation counsel.

Mr. President, we have taken too much of the time of the Senate on this question. I hope Mr. Jackson's nomination will be confirmed.

Mr. COPELAND. Mr. President, I was quite distressed when I heard there might be some objection to the confirmation of Mr. Jackson. I have known Mr. Jackson for so long a time, and have known him so favorably, that I did not conceive it possible that anyone could find any

criticism to make regarding him. I am happy to say that no such criticism can be found.

The only thing I can think of against Mr. Jackson is that he is rather better looking than the ordinary man, and perhaps might come in for criticism on that account.

Just a word about Mr. Jackson's alleged connection with the corporations. First, the telephone corporation: His employment in that connection was in active opposition to and fighting the A. T. & T. Then his power connection came through the fact that the Niagara, Lockport & Ontario Power Co. bought a small local plant at Jamestown, a plant for which Mr. Jackson was the attorney. So in that way he was indirectly connected with large corporations.

I assure the Senate Mr. Jackson is a man of capacity and real ability. If the Secretary of the Treasury really wants a "yes man", I am sorry for the Secretary, because Mr. Jackson is not that sort of man. I doubt, of course, that Mr. Morgenthau does want a "yes man." However, so far as this particular candidate for confirmation is concerned, he is not of that type. He is a man of ability, capacity, energy, intelligence, and honor. He will serve well in any capacity because he would not undertake a place of legal responsibility unless he knew he had the qualifications for that place. I am glad to testify to his capacity and hope he will be confirmed.

Mr. GLASS. Mr. President, it is my expectation to vote for the confirmation of Mr. Jackson, not because I know anything much about him, or because the Secretary of the Treasury knew anything much about him, but because I prefer to assume that the Secretary of the Treasury would not seek the nomination of anyone for this vitally important position whom he did not highly regard, whether he knew him or not, and in whose integrity and legal ability he did not have confidence. For that reason I expect to vote for the confirmation of Mr. Jackson's nomination.

I am anxious to have it appear—as it does now appear in the RECORD—that there was not any valid reason for the summary dismissal of Mr. Prettyman. My personal interest in that connection is that I think it was somewhat upon my unqualified recommendation of Mr. Prettyman that he was appointed as general counsel for the Internal Revenue Bureau. That recommendation of him was based upon a personal knowledge of his very high character, having been briefly associated with him at the Treasury Department when I was Secretary, and upon my very definite knowledge of his fine abilities as a lawyer, so attested by some of the best legal firms in the District of Columbia and in Maryland. And I feel prouder of him today than I did on the day on which I recommended him for this position.

Mr. Prettyman's only offense was that he did not agree with the Secretary of the Treasury as to the moral obligation of the Treasury to carry out an agreement which had been made by the former Commissioner of Internal Revenue in certain specified circumstances. Mr. Prettyman thought the agreement was binding, if not legally, certainly morally binding; and, thinking that, he had integrity enough and courage enough to say so to the Secretary of the Treasury. The Secretary of the Treasury differed with his views. I personally asked the Secretary if Mr. Prettyman at any time ever intimated that he was unwilling to conform to the policies of the Secretary, and the Secretary stated explicitly that he did not decline to do it, so there was no question of insubordination whatsoever involved.

Mr. Prettyman, being a lawyer, was asked his legal opinion as to the effect of the agreement, and he gave it. I asked the Secretary in person whether he objected to Mr. Prettyman, because he had courage and integrity enough to give him his legal opinion, and he said quite the contrary; he respected him for it, but he wanted somebody there who would agree with him and whom he knew. Well, more as a matter of interest, perhaps more as a matter of curiosity than anything else, I asked him how well he knew Mr. Jackson. He said he had seen him only once in his lifetime; that he met him incidentally in the last presidential campaign at Jamestown, where he presided over a meeting.



That was the extent of his knowledge of Mr. Jackson. Yet my inquiry convinces me that Mr. Jackson is a first-class lawyer; that he is a man of high character, totally destitute of any knowledge of questions of taxation, however, a question in which Mr. Prettyman was largely and long experienced.

As between the fitness of the two men to discharge the duties of that office, I have no hesitation in affirming my own belief in the great superiority of Mr. Prettyman for the position in question. Moreover, it is no compensation to Mr. Prettyman or to his friends that he has been given another job. I am not and hope I never will become a job hunter. I did not recommend Mr. Prettyman because he wanted the position but because I then felt perfectly confident, and now more so, that he was peculiarly fitted for this particular place, which was one of service to the Government and to the taxpayers of the country, and I think so now.

I have no idea of vituperating the Secretary of the Treasury. I could not if I would, because, as everybody knows, I am so conservative of speech that I could not say anything of a critical nature of anybody, even in as gracious a way as the Senator from Michigan has said it.

I like Mr. Morgenthau personally; I think he would like to do well, and I hope he will do well; but there can be no question of the fact, and, in my own opinion, certainly there is none, that Mr. Morgenthau made a very grave mistake in depriving the Internal Revenue Bureau of the services of a man of high character, of great courage, and of large information concerning the problems with which he had to deal, and supplanting him with another gentleman, perhaps of equally high character, and it may be of equal courage, but certainly he cannot have superior courage, and with no qualifications whatever at the initial stages of his service to deal with large and important taxation matters. I shall, however, vote for the confirmation of Mr. Jackson.

#### MORE OUTRAGES PLANNED AGAINST THE GOVERNMENT

Mr. LONG. Mr. President, I do not care to speak on Mr. Prettyman or Mr. Jackson. I do not know either one of the gentlemen; I would not know them if I saw them. I do, however, wish the Senate to know that there are certain influences undertaking to use for a racket the financial processes of the Government in its several departments. I am going to send to the desk a document in my possession and ask the clerk to read it before I say anything further.

The PRESIDING OFFICER. Without objection, the Clerk will read, as requested.

The Chief Clerk read as follows:

[Excerpt from the New York Times, Feb. 22, 1934, p. 7, col. 2]

Memorandum placed on the record but not read to Mr. Brown tended to show that the interests seeking the contract after abandoning hope of obtaining the contract from Mr. Brown, proposed to bring influence to bear upon Postmaster General-designate Farley through Vincent Astor and on the President-elect through his cousin, Kermit Roosevelt. Senator Black quoted frequently from memoranda from the files of A. J. Ball, foreign freight agent of the Pennsylvania Railroad. An excerpt from one of them addressed to J. L. Heyman follows:

"We agree with him, as we feel we are close enough to Farley through Vincent Astor to accomplish what we want. Kermit Roosevelt is away with Vincent Astor and the President-elect on Mr. Astor's yacht and we have wired a complete statement of the facts to Kermit Roosevelt so that he can get in his good work as soon as possible."

Mr. Brown made no comment on this part of the memorandum, which was not read openly but was placed on the record, nor was it revealed who was meant when it said "We agree with him."

Another part of the same memorandum said:

"We considered an investigation called for in the resolution the most healthy method of clearing the atmosphere and would accomplish what the Departments were after, i.e., to distribute the patronage under a Democratic administration. The Roosevelt-I.M.M. (International Mercantile Marine) people feel that they are sufficiently strong with the new administration to secure prompt and favorable action on the bids."

Mr. LONG. Mr. President, I have no comment whatever to make on the statement that has been read. By some accident it was printed in the "bulldog" edition of the New York newspaper and was taken out of the succeeding editions and never was printed in any others, and I just wanted to afford the facility in case someone wished to read it who did not have the opportunity of doing so in the edition of

the newspaper in which I read it, by reason of the matter having been omitted from subsequent editions.

The other matter, Mr. President, that I have to mention in connection with this and other financial rackets is this: I was present when Mr. Morgenthau came before the Finance Committee; in fact, I asked him some questions. Some statements had gone out that were rather not in keeping with what some of us, at least, had regarded as the law. Following that, the Senator from Michigan [Mr. Couzens] stated he wanted the Secretary of the Treasury to dismiss Mr. Bailie, or, rather, indicated that he desired him to do so. My recollection is that Mr. Morgenthau hesitated considerably—if I am in error as to that, I hope I will be corrected—and held out quite at length before he finally consented to dismiss Mr. Bailie. I was later informed that even after Mr. Bailie was supposed to have resigned he stayed on for some time.

Following Mr. Bailie's dismissal, Mr. President, there came from the Post Office Department a cancellation of the air-mail contracts, and we find that Mr. Bailie's concern was one of those that unloaded air-mail company stock on the public a day or two days ahead of the day when the contracts were canceled.

The air-mail stocks had been away up to one of the highest points they had ever reached, and suddenly the J. & W. Seligman Co., the House of Morgan, and several others, began to unload the stock on the innocent public, so that when the break came, through the action of Mr. Farley's office, they would be out from under as much as possible and the public would have gotten the stock; and that is what happened, to a large extent. There were some very large sales; I have forgotten the exact number, but they were shown by a map someone placed on the wall.

Mr. President, I now have more specific and personal knowledge of the racket that is being made not only in the Post Office Department but elsewhere, for there is a close working between the Post Office Department and the Treasury Department. In the main, those appointed to the Post Office Department are recommended, of course, by the Postmaster General, and those appointed in the Internal Revenue Bureau are going in there on the recommendation of Mr. Farley. I am not undertaking, as the newspaper clipping did this morning, to question Mr. Farley's capacity to select men for the internal-revenue work. I do not say that just because the newspaper clipping read at the desk says he has been in the prize-fighting business, or something like that, rigging up matches and publicizing various and sundry individuals and giving them set-ups to knock down; I do not know whether he is that kind of a man or not; that is not the point. But what I am just bringing to the attention of the Senate is that through the same source that manipulated the handling of the cancellation of the air-mail contracts come the leaks that enable the big houses to get from under, and so that there will come out with great big headlines, "The Postmaster General takes action on behalf of the people." The ex-prize-fight promoter and matchmaker let it slip out to somebody 2 days and 24 hours ahead of time, and the big brokerage houses suck poor little innocent people in Louisiana, Arkansas, and Tennessee and West Virginia, for they unload that stock onto them. I am not particularly criticizing it; I am just simply mentioning it in this connection, so that we may know what to expect.

Now I come to what I have more direct knowledge of. This common source of selection operates in my State. They are doing the work by calling on certain citizens to help in the internal-revenue work, and they were able, through the personal contact of the present Postmaster General, Mr. Farley—and they will put him out of there before very many moons, I am afraid, before we know nearly as much about him as we want to know—to place in charge there a gambling magnate who helped run the casino gambling house, I think, in Palm Beach, Fla., in partnership with Colonel Bradley. I refer to a man by the name of Sullivan—John P. Sullivan—who, through an associate, ran a wire gambling-house outfit in the Ridges section of New Orleans, which I raided once when I was Governor of the



State, taking a roulette wheel, a dice table, and two or three thousand dollars of money.

This gambling king, John P. Sullivan, who also ran a race track, was placed in charge of selecting the internal-revenue collector, the United States attorney, and the postmaster of my own city of New Orleans. This gambling king was so bold about it that he actually came into the Finance Committee and into the subcommittee of the Judiciary Committee. He does not deny that. I am not slandering the man; I am only giving the Senate what the man has paid the newspapers to publish about himself. I would not have the Senate think that I would go beyond anything that the gentleman did not want known about himself! I am giving him advertisement that he has been paying the newspapers to print for the last 10 years. So there is nothing that is intended to reflect upon the man.

This gentleman, very much apparently of the same order as Mr. Baillie, has been calling in the business men of New Orleans and Louisiana, and has been telling them that he has had the internal-revenue collector appointed—and the newspapers published the fact—that he has named the district attorney, and he has; and the newspapers have so reported. He has been saying to them, "I am going to have this one indicted; I am going to have that one indicted." And we now behold the spectacle that the gambling king, in consort with his past associate, the ex-prize-fight promoter, are calling upon citizens far and wide—Mr. Sullivan, not on the pay roll, is calling in citizens as witnesses and putting them on cross-examination, giving them to understand that he has been vested with the power and discretion of adjusting incomes and assessing incomes and of making indictments.

There was a man in Louisiana by the name of R. L. Gay. He was very prominent and occupied in his church work in the State, and consequently was a man not in my company very frequently. [Laughter.] We lived 100 miles apart and we were in different towns on Sunday. But there was this gentleman named R. L. Gay. Mr. Gay discovered an oil field. He settled up his income tax in the year 1931, 3 years ago. One year ago Mr. Gay's name appeared in the newspapers in an item in which he said that he would put up \$20,000 in cash at odds of 30 to 1 that the Long ticket would be elected in the State of Louisiana.

Mr. Sullivan, this gambling-house operator and dive keeper, was very much incensed over the matter. I do not mean to slander the gentleman, if the Chair please. I am merely giving him for nothing what he has been paying the papers to print. I could read from all the papers that are opposed to me in New Orleans now whatever may be needed from their editorial columns to show that he is the greatest gambling king the State has ever known, the partner of Mr. E. H. Bradley, who was in Kentucky and went down to Miami and opened up his several dives down there, then extending his influence as Sullivan's partner back to New Orleans.

They proceeded about 3 days ago to indict Mr. R. L. Gay through the internal-revenue man who has not been confirmed, and through the United States attorney who has not been confirmed. They never went to Mr. Gay. They checked over his returns and told him time after time he was all right. They never went to Mr. Gay and asked one question in 3 years. They never called upon him to pay a dime. They never said to him or to a friend of his that there was anything wrong about his income taxes. Instead of presenting his case before the district court in the district where the man lived and where his business is located and where he made his return, as has always been the practice, they had the indictment against him returned in the eastern district of the State at New Orleans. They never asked him for a copper cent.

I know nothing of the merits of the matter except as I have stated here to the Senate. However, it seems that this matter came just about the time they were changing counsel there. It seems that Mr. Morgenthau wanted somebody he knew. There had come out great big announcements that Mr. Morgenthau had stated that he was sending a

flock of men down there with instructions to indict at least 100 of Huey Long's friends in the State of Louisiana. I do not think that is to be held against Mr. Morgenthau. I do not hold it against him. I never even brought up the matter when he was before the Senate for confirmation.

But the facts are that with the J. & W. Seligman fraud through Baillie, with the other frauds mentioned in what has been read at the desk, there is a trail of slime and corruption forming here at this very early day that is so wide and so deep that it is becoming almost an offense even in the Halls of the Senate. I hesitate to say where it might lead.

Someone might say, as this report read, he was on a yacht with the President fixing him up, and still be in error, or that he has the inside track with Farley—though I do not think it would take very much to get the inside track with Farley. It seems that a trip would do it.

Some men have very simple ways of estimating what it takes to break down the virtue of a man. Most of them will come for \$20, or they will not come at all. I think that \$20 hat is about Farley's size. That is what I would estimate to be the ordinary cost of his caliber. I understand he got a barbecue, got a free trip in an airplane that was not carrying a pound of mail on a trip that was not on a mail route at all, got a new hat that cost \$20, everything paid for, and came on back to Washington. There is a yacht free to take them out while men try to use them for a scheme for some crooked thing to rob the American people of some of the franchises that belong to them, free airplanes to bring men here and there to do something else with banking-house stool pigeons, to let them know when there is to be a cancellation of something that will enable them to swindle the poor American consumers out of the little that they have.

But that is not half of it. I believe it has been said that the ground upon which the air-mail contracts were canceled was that it was found that there had been a spoils conference at which it was agreed on who was going to carry the mail, and that there was a division of the routes. When that information became public, they instantly found that sufficient ground to cancel the air-mail contracts. I am not going to take issue with that. I accept that. But I want to deal with another spoils conference that was held in which the parties named in the document read at the desk a few moments ago participated, and I want to read the facts into the RECORD, as given under oath, to see whether or not we cannot get another contract canceled before they unload their stock on an unsuspecting public.

The stock market is closed now, and they cannot get the sucker list into operation between now and tomorrow morning. I want to save the American people from being treated just as they were in the air-mail-contract imbroglio.

At page 618 of the hearings in the merchant-marine investigation before the Committee on Merchant Marine, Radio, and Fisheries of the House, appeared the following. This is from the minutes of a meeting of the Shipping Board. They have the proceedings of the Shipping Board printed in this hearing. Commissioner Denton there said:

I move that the International Mercantile Co. interests, the Chapman-Dollar-Dawson interests, and Mr. J. E. Sheedy, who represents also an interest, be invited to a session with the Board, looking toward a consolidated bid on the part of all of them.

This was a secret meeting of the Board in which he moved that all these people be brought in to make a consolidated bid for the whole thing.

Chairman O'CONNOR. Do you want him to come down before the Board?

Commissioner DENTON. All together, at the same time, as early as can be arranged.

The air-mail contract conclave cannot beat this one.

I want them all here to consolidate on their bid and put this thing in one barrel at one time. It is too much trouble to have a deal with too many of them. We are liable to have some man roaming the range when we do not know what his business is. It is a whole lot more satisfactory and convenient when we are dividing these spoils, it is much easier when the Government has \$4,000,000 or \$5,000,000 that

it wants to donate to men who want to furnish airplanes and boats, to give it to them in one lump. If we have to divide the drink and pass it around, it takes time and it is liable to be confusing.

At any rate, let us read on a little further:

All together, at the same time, as early as can be arranged.  
Commissioner SMITH. Suppose you gave them until Tuesday.  
Commissioner DENTON. Let us make it Monday.

Tuesday was too long.

Commissioner SMITH. 10 a.m., Monday morning.  
Chairman O'CONNOR. Wouldn't you be willing to leave out with reference to consolidation and just simply say a conference as to the proper disposal of this question now before us?  
Commissioner DENTON. I think that would be more diplomatic; yes.

Still in secret session:

Commissioner SMITH. Just leave out the question of combination and consolidation; that might frighten some of them; looking to a solution of the difficulties in which the Board finds itself with the United States Lines.

Commissioner Denton says, on page 616:

Gentlemen, this is a lot of responsibility in our duty toward the establishment and maintenance of the services on the north Atlantic. Would it not be well, at this stage, when we have to consider Mr. Burke's telegram, which I have not had a chance to read yet, and the negotiations that we have not been able to make yet, or agree to as yet, with Chapman-Dollar-Dawson—would it not be worth while for this Board to make an effort to attempt to interest those people to agree on this working together in a mutual partnership or some agreement among themselves? The International Mercantile Marine and Chapman-Dawson-Dollar. Isn't it worth our effort to try to bring about such action?

Commissioner CONE. In my opinion, it is the only solution of this question.

Mr. President, it was in response to that—it was there and then—with these gentlemen as the absolute instigators of the matter, that this ship subsidy went out. That is the subject matter of what was contained in what was read at the clerk's desk just a few moments ago; and who wound up with the subsidy?

Why, Mr. President, in order that they might handle it exactly as they wished, when the United States Lines of Nevada got the contract and the ships, as I showed here on the floor the other day, they made an agreement giving the Roosevelt Steamship Co.—that is Kermit Roosevelt's outfit also—23 percent of the gross revenue as the "fees of operating management." In other words, of the tonnage that the *Leviathan* carried, 23 percent of the gross was paid to the Roosevelt Steamship Co. for what was supposed to have been operating management; and Mr. Dollar himself testified on the witness stand that he had never heard of any such thing as that as a charge for operating management as long as he had been in the steamship business.

They were building up an American merchant marine, were they? Well, let us see what the International Mercantile Marine did.

Here is a contract between the International Mercantile Marine and His Britannic Majesty. The International Mercantile Marine had this in its contract: Here is the agreement with this benevolent concern that had charge of things, that was given \$6,000,000 of Government notes free, that took out of service the *Leviathan*, which was supposed to be the greatest ship sailing between the United States and Southampton, and it is in the mud; and this concern has not paid a dime on the \$3,000,000 it did agree to give for the \$9,000,000 of notes. Here is the contract that the International Mercantile Marine had entered into. This was between the International Mercantile Marine and the British Government:

This agreement shall have effect for 20 years from the 27th of September 1902 and shall continue in force thereafter subject to a notice of 5 years on either side (which may be given during the continuance of this agreement); provided, that His Majesty's Government shall have the right to terminate this agreement at any time if the association pursue a policy injurious to the interests of the British mercantile marine or of British trade.

In other words, this benevolent concern, to which we made all these gifts, and which we gave a \$4,000,000 subsidy for

the purpose of carrying the mail, for which Mr. Kermit Roosevelt was exerting himself in an effort to get some kind of an underhold in order to preserve it—the International Mercantile Marine had, several years previously, gone into an agreement that nothing that would ever be done by them was ever to interfere with the supremacy of the British mercantile marine.

They tried to get around that, Mr. President. They went over and made some kind of an amendment of this contract stipulating that the contract should not apply to American ships duly documented under the laws of the United States; but I am told by authority that this did not say anything about the management of American ships by the International Mercantile Marine and that there was a vast difference between putting responsibility in the ships and putting it in the management of the ships, and that that was the view taken of the matter by a former member of the Shipping Board, and he always regarded it as strictly impossible for them to do anything except contrary to the best interests of the American mercantile marine.

Now, there is another little innocent thing before the Senate.

Following this particular time when Mr. Kermit Roosevelt and Mr. Vincent Astor had the yacht down there in Florida waters that they are talking about, Mr. Kermit Roosevelt issued a statement; and here is his statement, published in the New York Evening Post. He said:

We are hopeful that the administration in Washington will eventually render the kind of assistance necessary to permit the completion of plans we have for a further development of American-flag fleets second to none on the high seas.

How were they going to develop them? Why, they took off the *Leviathan*. Today the White Star Line, flying the British flag, on which the International Mercantile Marine holds a mortgage for \$9,000,000, are operating the *Majestic*, and it is advertised as the biggest ship on the seas. They have taken off the *Leviathan*, which they bought for a song, with all the other ships, for \$3,000,000 in notes, due 3 years from date, and we gave them a \$4,000,000 contract on top of that, and they never have paid a dollar of the \$3,000,000 up to this time, and they junked the *Leviathan*, the operation of which they claimed was the consideration for the low price.

Was there a reason for taking off the *Leviathan*, Mr. President?

I have here a report which shows that the last month the *Leviathan* ran it had 993 passengers to the voyage, as against 955 carried in the *Majestic*, under the British flag. The *Leviathan* was carrying an average of 40 more passengers per trip than the *Majestic*, which flew the flag of Great Britain, was carrying. The *Leviathan* was the biggest ship in the world. It flew the American flag. These people had been given millions and millions and millions of dollars of American money; and after being placed in full control, with this kind of a subsidy, the next thing they did was to take off the *Leviathan* and make it unseaworthy, and today it is lying in the mud.

Talk about giving them a subsidy! Here is another little thing coming up—this matter of reciprocity.

I understand that these gentlemen have something figured on reciprocity. I never figured on it. I understand that the International Mercantile Marine now have matters all fixed so that they and their allies in agreement are the only ones that have any ships, and that if they can work the reciprocity agreements around to the point where they can say, in these reciprocal trade agreements, that a certain amount of the traffic shall be hauled in American ships, that is the same as though we wrote "the International Mercantile Marine" into the contract for a lot of it. Thereby will this concern, so closely attached to foreign shipping interests, be given cargoes for the future, through "reciprocity."

Those things, Mr. President, I present to the Senate. They have come within my knowledge; and I think it is my duty to communicate them to the Senate.



ROBERT H. JACKSON

The Senate, in executive session, resumed the consideration of the nomination of Robert H. Jackson to be general counsel for the Bureau of Internal Revenue.

Mr. COUZENS. Mr. President, I desire to make just one or two more comments because of the statements made by the Senator from Mississippi [Mr. HARRISON] and the Senator from Virginia [Mr. GLASS] with respect to my statement to the following effect. I quote from the RECORD:

I desire to point this out because I think the Secretary of the Treasury was absolutely tricky, and I think he is wholly unreliable, in this connection, at least—

The Senator from Mississippi said that he could not agree in that conclusion, and the Senator from Virginia made some reference to vituperation.

I have been here a long time. If I should approach the leader of the majority, the Senator from Arkansas [Mr. ROBINSON], or the Senator from Virginia, and ask a question, and should be answered in the same manner that Mr. Morgenthau answered me, I should say that they were tricky and unreliable. Mr. Morgenthau was asked by me if he had "fired" Prettyman, and he said "No." It later developed that he had asked for his resignation. That did not develop, however, until later.

I ask the Senator from Virginia now, if I should approach him and ask him if he had "fired" Prettyman, and he had only asked for his resignation, whether he would have said "no."

Mr. GLASS. Mr. President, I should have said that I had "fired" him.

I was unhappy in the use of the words. I am so accustomed to moderation that, knowing that the Senator from Michigan was scarcely less moderate than I, I just blundered there. I meant to use the word "reproach", rather than "vituperate."

Mr. COUZENS. I thank the Senator.

That is no. 1. Now, I shall mention point no. 2 in confirmation of my statement, which I do not retract one iota.

When Mr. Morgenthau was asked before the Finance Committee whether Mr. Jackson had been sworn in or not, he answered in the affirmative, and stopped. It appears that for 9 days prior to that Mr. Jackson had occupied the position of general counsel without taking his oath of office. Yet, in answer to my question as to whether he had been sworn in or not, the Secretary answered in the affirmative, without any qualification at all, to the effect that he had served 9 days without having taken his oath of office.

I submit that if I had asked the Senator from Arkansas or the Senator from Virginia that same sort of question, either of those gentlemen would have said, "He was sworn in on the 9th of February, 9 days after he was appointed."

Because of those evasive answers, I stand by my conclusion that at least in this connection the Secretary was tricky and unreliable.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination of Robert H. Jackson to be general counsel for the Bureau of Internal Revenue?

The nomination was confirmed.

Mr. ROBINSON of Arkansas. Mr. President, in view of the length of time the nomination of Mr. Robert H. Jackson has been pending before the Senate, I ask unanimous consent that the President be notified of the action of the Senate in confirming the nomination.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the President will be notified.

## LEGISLATIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate resume the consideration of legislative business. The motion was agreed to.

## NATIONAL INCOME

Mr. LA FOLLETTE. Mr. President, some time ago the Senate authorized the publication of a report on distribution of income, which has been given Senate Document

No. 124. Since that time certain illustrations have been presented.

After conferring with the Chairman of the Senate Committee on Finance, I ask unanimous consent for an additional order incorporating the illustrations and ordering them printed with the document.

The PRESIDING OFFICER. Without objection, it is so ordered.

TREASURY AND POST OFFICE DEPARTMENT APPROPRIATIONS—  
CONFERENCE REPORT

Mr. McKELLAR submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7295) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1935, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 4, 5, 25, and 35.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 26, 29, 37, and 38, and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$18,500,000"; and the Senate agree to the same.

Amendment numbered 27: That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$98,500,000"; and the Senate agree to the same.

Amendment numbered 28: That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$47,200,000"; and the Senate agree to the same.

Amendment numbered 30: That the House recede from its disagreement to the amendment of the Senate numbered 30, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "\$12,000,000"; and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$13,325,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 3, 31, 32, 33, and 34.

CARTER GLASS,  
KENNETH McKELLAR,  
PARK TRAMMELL,  
FREDERICK STEIWER,  
L. J. DICKINSON,

*Managers on the part of the Senate.*

WILLIAM W. ARNOLD,  
LOUIS LUDLOW,  
JOHN TABER,  
CLARENCE J. McLEOD,

*Managers on the part of the House.*

Mr. McKELLAR. I move that the Senate agree to the conference report.

The motion was agreed to.

Mr. McKELLAR. Mr. President, I move now that the Senate recede from its amendments numbered 31, 32, 33, and 34.

The motion was agreed to.

Mr. McKELLAR. Mr. President, in regard to the amendments on which the Senate has just voted to recede, I want to make a short statement.

These amendments refer to what is known as the "Reedsville, W. Va., matter." The House conferees took the amendments back to the House, and the House voted 3 to 1, as I recollect, against accepting the Senate amendments. Of course, under those circumstances, I cannot ask to have the amendments go back to conference, and therefore I have moved that the Senate recede.

In that connection I want to say that I think both Houses made a mistake in not adopting the Reedsville plan. My reasons are to be found in a statement from the Post Office Department, which I ask unanimous consent to have printed in the RECORD as a part of my remarks at this place in the RECORD.

**THE PRESIDING OFFICER.** Is there objection?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

MARCH 7, 1934.

Memorandum for Mr. Evans.

In connection with the strong opposition to the proposed erection of a Government factory in connection with the consummation of the subsistence-homesteads project near Reedsville, W. Va., which has developed among manufacturers throughout the country, and particularly to that which has manifested itself through the Keyless Lock Co., of Indianapolis, Ind., which, it is understood, is owned by Mr. Arthur R. Baxter, of that city, there is set out herein for such consideration as the facts may warrant, certain information which is supported by records in the Department and by personal observation and contact in the factory of the Keyless Lock Co. and in post offices on a number of occasions.

For several years the product of the Keyless Lock Co., as far as the Post Office Department is concerned, has been confined exclusively to the manufacture of steel furniture and screen-line equipment which is sold on contract to the Government, or sold outright or leased to a postmaster or the lessor of a building in which the post office is located. The latter plan is more highly remunerative to the Keyless Lock Co. than the former plan for the reason that in practically every instance a much lower rate is made to the Government than to a postmaster or other lessee for the outright purchase of the necessary equipment.

Investigation disclosed that the greatest source of revenue accruing to the Keyless Lock Co., however, is derived from post-office furniture and screen-line equipment furnished a postmaster on a rental basis, payable monthly in advance, under the terms of an iron-clad lease contract executed by the company and the postmaster or lessor of a post-office building. There is attached hereto a photostatic copy of form of such lease executed by a postmaster, which is as follows:

"To have and to hold same from the date of installation, and to continue thereafter so long as the said lessee continues as postmaster at —, and until said chattel property is shipped back to said owner by said lessee, as hereinafter provided. And said lessee, in consideration of the leasing of said chattel property, by the said owner, as herein set forth, agrees to pay to the said owner, as rent for said chattel property, the sum of — dollars and — cents (\$—) a month in advance, the first payment being due on the date of installation, and to continue thereafter monthly until the termination of this lease contract.

"And the said lessee further agrees that all of the said property shall be considered as chattel property, and hereby agrees not to attach any portion thereof to any building which would operate to make said chattel property a part of any building. It is, however, agreed between the said owner and lessee that the said owner will supply the necessary 'filler strips' without charge to the said lessee, which 'filler strips' the said lessee may attach to his walls as part of said walls, and to said 'filler strips' the above-mentioned post-office screen work may be attached with removable screws.

"It is further agreed and understood between the said parties to this lease contract that the said owner will carefully crate the said chattel property described above, and deliver the same f.o.b. the railroad station at Indianapolis, Ind., and that the said lessee will pay for, at his own expense, all freight, hauling, and erection charges connected with the installation of said work, and further that at the expiration of his incumbency as postmaster, the said lessee shall immediately, at his own expense, carefully take down, crate, and ship same to the said owner at Indianapolis, Ind., or to some equally distant point at owner's option, all freight charges prepaid.

"It is further agreed between the parties that at the expiration of this lease, peaceable possession of the said chattel property shall be given to the said owner in as good condition as when shipped to the said lessee, the usual wear and tear excepted; and furthermore, that upon the nonpayment of said rent that the said owner may, at his election, within 30 days after said rent shall have become due, recover possession of said chattel property, as if the same was held by forcible detainer."

This lease contains no provision whatever for the subsequent purchase of the equipment by the lessee, regardless of the amount that may have been paid in rental therefor, and, notwithstanding the provisions of the lease as applies to the lessee it might not deserve severe criticism if it obligated the lessee for a reasonably limited period, but it is operative to the fullest extent "so long as the said lessee continues as postmaster", and there are numerous instances where postmasters have continuous service extending

over a period of 25 or 30, and in some instances over 40 years, there being a few instances in excess of even this period.

Investigation disclosed that there are a large number of cases where this, or a similar contract has remained in full force and effect over such an extended period that, based upon the quoted sale price, the equipment covered by such lease contract had been paid for several times over in rentals, even as many as six or seven times.

For instance, there was installed in the post office at Beacon Falls, Conn., on September 1, 1918, certain equipment manufactured by the Keyless Lock Co., at which time that company quoted to the postmaster, who was also the lessor of the building in which the office was being conducted, a price of \$1,209 for the outright purchase of the equipment by the postmaster, or on a rental basis of \$104 per quarter, or \$416 per annum. The rental plan was chosen by the postmaster and the records in the Department show that this equipment is still being rented at that rate. On the basis of 15 years and 7 months (the current March quarter in advance) since the date of the installation of this equipment and figured at the rate quoted per annum, it appears that there has been paid in rental on this equipment a total of \$6,968. Based on the initial cost of this equipment as quoted by the Keyless Lock Co., that is, \$1,209, fully installed, the annual payment of \$416 in rental is equal to 34.4 percent per annum on the investment.

Again the Keyless Lock Co. furnished certain equipment, to the lessor, for use in the post office at Tonkawa, Okla., on a rental basis of \$80 per month and the lease on the present post-office quarters at that point terminated on February 26, 1934, at the expiration of 10 years. Rental on this equipment at the rate of \$80 per month amounted to \$960 per annum and over the period of 10 years there was paid \$9,600 for the use of the equipment, which would have cost at the beginning of the lease approximately the sum of \$1,861, figured item by item at the prevailing rate at that time. Much of the equipment furnished, however, is not in use, a large portion of it now being stored in the building. Recently when investigating the case at Tonkawa with a view to obtaining a new lease at a reduced rate, the post-office inspector handling the case was able to obtain an offer for the new lease at a rate of \$830 per annum, as against a rate of \$2,100 per annum under the former lease, due in a large measure to the Keyless Lock Co. having agreed to reduce to the lessor the rate for rental of such equipment as was actually in use at Tonkawa from \$80 to \$15 per month, with the understanding that any taxes that might be levied against this equipment would be paid by the lessee.

Further, there was installed in the post office at Urbana, Ohio, on March 1, 1922, certain equipment manufactured by the Keyless Lock Co., which equipment was rented by the lessor of the building in which the post office was conducted, from the Keyless Lock Co. on the basis of \$964 per annum, the records showing that this rental was paid throughout the life of the lease which expired on March 1, 1932. When this lease was about to expire and the post-office inspector was endeavoring to negotiate a new lease at a reduced rate it developed that the lessor of the building would not consent to a reduction in the rental then in effect and it became necessary to take the matter up direct with the Keyless Lock Co. with a view to having that concern make a substantial reduction in their charge for rental of the equipment. After a somewhat lengthy correspondence the Keyless Lock Co. stated that they were willing to reduce the rate of rental but they requested the Department to set the amount which, of course, the Department could not do. The inspector who handled the lease case in this instance stated in his report that he had no information as to what this equipment originally cost, but gave it as his opinion that new equipment sufficient for the needs of the office would cost approximately \$3,500 at the time of the investigation and that it was not believed that the equipment then in use would have a value in excess of \$2,000 in 1932. It was also the opinion of the inspector that the rate of rental then being charged by the Keyless Lock Co. for the use of this equipment was apparently excessive, which rate, of course, would be included by the proponent in his proposal to the Department. The list of items of equipment furnished in this instance has subsequently been checked against approximate current prices in effect at that time, and it is estimated that this equipment, when new, could have been purchased for approximately \$2,250 and that it could be purchased today for about \$2,000.

In any event, when the Department informed the Keyless Lock Co. that it was not believed that their equipment had a value in excess of \$3,500 they immediately agreed on that amount as a basis on which to submit an offer to reduce their rental, and they submitted an offer to accept 12 percent of that amount, or \$420, per annum for the new lease. The Department protested that this rate was still too high and that a rate of \$280 per annum, or 6-percent return plus 2 percent for incidentals, would be fair. To this latter proposal the Keyless Lock Co. finally agreed, but when it came to setting the date for the new rental rate to become effective they would not consent to March 1, 1932, the date of expiration of the former lease, as desired by the Department, but they arbitrarily set it for June 1, and the higher, or former, rate was paid them from March 1 to May 31, and then the new rate of \$280 per annum became effective on June 1, 1932. This rate continued in effect until December 11, 1933, on which date the office was moved into the new Federal building, and the lease on the equipment automatically expired. Thus it will be noted that the Keyless Lock Co. received a total of some \$10,308 from the lessor of the building for the use of equipment which could have been



purchased by the Department outright for about \$2,500, and title to this equipment was still vested in the Keyless Lock Co. at the termination of the lease; and the same is likewise true in the two cases previously mentioned herein.

Another case in point indicating that it would be to the financial advantage of the Department to provide Government-owned equipment in leased buildings is that of temporary quarters for the main post office in the city of Detroit, Mich., at the present time. The Keyless Lock Co. manufactured and sold outright to the lessor of the temporary quarters in Detroit, provided by the Treasury Department, a steel screen line approximately 300 feet long containing 32 service windows. The cost of all this equipment was taken into the cost of alterations on the building of the successful bidder for temporary quarters, who was given a lease on June 2, 1931, for 157,420 square feet of floor space, at the rate of \$65,000 per annum, to run for a period of 18 months, and for as long thereafter as should be required by the Government. It was stated that the cost of the alterations to fit the quarters for the needs of the Government, including all equipment, should be \$95,400, which amount was divided into 12 equal parts and added to the rent for the first 12 months of occupancy. Thus it will be noted that the Government actually paid the cost of this equipment in 1 year, and ownership is still actually in the hands of the lessor of the temporary quarters. If the Government manufactured or otherwise owned this equipment, it could be transferred to other post offices as needed, and a substantial saving in cost to the Department would result thereby.

With particular reference to the product of the Keyless Lock Co.'s plant at Indianapolis, it may be stated that it has been a common practice on the part of this concern to restore for further service large quantities of old used equipment which has been repossessed by the company either on account of the nonpayment of rental by termination of a lease with a postmaster or other lessee, or which has turned back to the owner bodily by a postmaster after his office had been furnished with suitable Government-owned equipment.

The process of rehabilitation has been by submerging the steel screen line units in an acid bath to remove every vestige of the former finish; then the dents and other defects in the metal are rolled out by heavy machinery, flanges are straightened and squared, slight rust spots removed, and the equipment is then returned to the finishing room where a new finish is put on, the equipment being subsequently returned to the shipping room apparently ready for new-trade channels. It is not known whether or not any of these rehabilitated units have ever been sold as new equipment, but it is no reflection on the integrity of the Keyless Lock Co. to state that much of it could easily be furnished as new equipment to the average postmaster or other person unfamiliar with such product.

I have on a number of occasions, when visiting this plant on official duty, noted their drying ovens completely filled with this rehabilitated equipment, while other sections of the plant would have large quantities of this made-over equipment on the floors. I distinctly recall that on one occasion when I was officially at this factory one of the foremen directed my particular attention to a long array of screen-line panels standing along the walls of one of the rooms, and he suggested that I go over and look at these units carefully and then come back and let him know what I thought of the equipment. I accordingly went over and looked carefully at a number of these units and then returned to where this foreman was working, and I said to him, "Well, they look pretty nifty", whereupon he said to me, "You will be surprised when I tell you that that particular screen-line equipment has been in constant service for over 15 years."

While on a recent tour of official duty through the West I visited the factory of the George Fensky Co. in San Francisco, Calif., a concern which manufactures post-office equipment of wood, on which occasion Mr. Fensky brought up the question of the Government going to manufacture post-office equipment in the proposed new factory near Reedsville, W.Va., and he voluntarily informed me that he had received a letter from Mr. Baxter, of the Keyless Lock Co., strongly urging him to write letters protesting the proposed action of the Government going into the manufacture of postal equipment, these letters to be addressed to President Roosevelt, Postmaster General Farley, and to Senator HIRAM JOHNSON, of California, and that he had acted accordingly in the matter.

It is well known that Mr. Baxter is the author of many statements protesting violently against the contemplated manufacture by the Government of post-office furniture and screen-line equipment and as a refutation of his repeated claim that such action by the Department would throw hundreds of men out of employment at his factory, there is quoted below an excerpt from a letter written by him to the purchasing agent of the Post Office Department under date of June 9, 1933:

"As you probably know, we (the Keyless Lock Co.) have been receiving practically no business from your office on screen line and furniture during the past year, but we are still going through the formality of making bids."

Mr. Baxter, as well as a number of others through whom he is working violently against the West Virginia project, is on record in print on a number of occasions as stating that if this project goes through it will close his factory down entirely and thus throw out of employment 250 men. In this connection I desire to state that I have been making official trips of inspection to the factory of the Keyless Lock Co. in Indianapolis regularly since July 16, 1931, and never once during that time to my knowledge

has Mr. Baxter ever had that number of men employed, and I do not hesitate to say that I do not think he has ever during that period had half that number of men employed in his factory at one time.

It is shown, by careful examination of the files relating to various lease cases in which is involved the furnishing of equipment by the Keyless Lock Co. or the American Post Office Equipment Co., both concerns owned by Mr. Baxter, the Department has for a number of years paid indirectly into the treasuries of these concerns thousands of dollars representing financial returns on the original investment involved in each case from 10 to 500 percent.

The Keyless Lock Co. (and the American Post Office Equipment Co.) have two sources of revenue on rentals of equipment, namely, through rental to lessors of post-office quarters who, in turn, pass the charge along to the Department as additional rent, and through rentals of equipment to postmasters, usually at offices of the third class, who are required to provide their own equipment. Very few postmasters at offices of the third class, upon appointment, are able to purchase outright the equipment necessary to conduct the office. It has been my observation in going over numerous rental cases in the division of post-office quarters that advantage of this circumstance has been taken by the Keyless Lock Co., which, through what might be termed high-pressure salesmanship, has been able to induce many postmasters to sign leases for equipment at excessive rates, considering the value of the equipment; which leases contain the provision that the contract shall remain in force so long as the leases shall continue as postmaster at the office involved.

Several years ago the Department, under authority of Congress, entered into a program of relieving postmasters at offices of the third class of expense in connection with rental of equipment by making leases at these offices with the Government supplying the equipment. After reviewing hundreds of questionnaires received from postmasters in the \$1,900 to \$2,300 salary grades, a number of cases were selected for investigation by inspectors with a view to making long-term leases with Government-owned equipment. An attempt was made to relieve first those postmasters who were renting equipment at an excessive rate. Consequently, a great many of the leases which were finally entered into and under which the Department supplied the equipment were at offices where the postmasters had signed leases with the Keyless Lock Co. The company endeavored in most cases to force the postmasters to comply with the terms of the leases and to continue to pay the rent on the equipment, even though it had been removed from the post offices and Government-owned equipment installed in lieu thereof. A number of postmasters in this category wrote the Department for advice relative to what should be done as the result of the demands of the Keyless Lock Co. Inasmuch as the solicitor for the Post Office Department ruled that the lease contract was legal, the Department had no other recourse than to advise the postmaster that the argument was between him and the Keyless Lock Co.

It is known, however, that the Keyless Lock Co. did not endeavor to enforce the contracts in some cases. Instead of trying to force the postmasters to continue to pay the rentals indefinitely, the Keyless Lock Co., in an effort to get as much money as possible from the postmasters, offered to take back the equipment on condition that several months' rental be paid after the equipment was shipped back to the factory at the postmaster's expense.

For instance, the postmaster at Salina, Utah, in a letter to the Department dated April 28, 1932, stated that "the company has told me it will cancel my contract if I will continue to pay the above amount of rent for 6 months after returning the boxes to the home office."

The postmaster at Salina had rented the equipment from the Keyless Lock Co. at the rate of \$148.20 per year for 8 years, or a total of \$1,185.60. As the result of the investigation by the inspector looking toward making a lease at Salina, with the Department supplying the equipment, the Department purchased all new modern standard equipment from the Keyless Lock Co. for the sum of \$1,129.36.

In support of the contention that the lease contracts which the Keyless Lock Co. made with various postmasters were unfair and that the company was quite willing to cancel the agreements rather than to force postmasters to continue paying rentals, it has been ascertained that the Keyless Lock Co., in many cases involving purchase of Government-owned equipment, offered to sell to the Department, at a greatly reduced price, the second-hand equipment which was then being rented to the postmasters.

None of these proposals of the Keyless Lock Co. to sell the second-hand equipment was accepted by the Department inasmuch as the equipment was found in practically all cases to be non-standard.

Listed below are a number of third-class offices which fall in the class of those just mentioned:

Oldham, S.Dak.: Postmaster rented equipment from the Keyless Lock Co. at \$165 per year for 7 years. Department bought new equipment from Morgan Lumber & Manufacturing Co. for \$822.76.

St. George, S.C.: Postmaster rented equipment from the Keyless Lock Co. at \$171.60 per year for 5 years. Department bought new equipment from the Keyless Lock Co. for \$944.30 f.o.b. Indianapolis, Ind.

Pemberville, Ohio: Equipment rented by postmaster from the Keyless Lock Co. at \$152.40 per annum for 7 years. Department purchased new equipment from Federal Equipment Co. for \$892.



Cumberland, Ky.: Screen line only rented from the Keyless Lock Co. for several years at \$273 per annum. Department purchased new equipment from the Keyless Lock Co. for \$1,311.33.

Whitesville, W.Va.: Lessor rented equipment from the Keyless Lock Co. at \$150 per annum. Department purchased new equipment from Federal Equipment Co. for the net sum of \$818.90. The Keyless Lock Co. offered to sell to the Department for \$495 the second-hand equipment it was renting to the postmaster for the sum of \$150 per year. This proposal was rejected, however, inasmuch as the used equipment was not standard.

Decatur, Miss.: Paid the Keyless Lock Co. \$90 per year for 2 sections lockboxes 120-32-8 for 6 years. Department purchased complete equipment for \$962.70 (delivered and installed) from Corbin Cabinet Lock Co.

Tinley Park, Ill.: Postmaster paid \$264 to the Keyless Lock Co. (per year) for equipment, 2 years. Department purchased equivalent equipment from McLane Manufacturing Co. for \$752.40.

Gridley, Ill.: Postmaster paid \$142 per year to American Post Office Equipment Co. for equipment for 8 years; value, \$1,190. Department purchased new equipment from the Keyless Lock Co. (delivered and installed) for \$1,036.33.

Isle, Minn.: Postmaster paid \$144 per year rent to the Keyless Lock Co. for equipment, 6 years. Department purchased new equipment from the Keyless Lock Co. (delivered and installed) for \$805.49 less 5 percent, 10 days.

Mound City, Kans.: Postmaster rented equipment from the Keyless Lock Co. at \$121.20 per year for 2 years. Department purchased equipment from the Keyless Lock Co. (delivered and installed) for \$1,023.37 less 5 percent, 10 days.

With reference to the first source of revenue to the Keyless Lock Co. by rental of equipment, mentioned above, namely, the rental of equipment to lessors, it is this business that represents a vast source of income to the Keyless Lock Co.

At Huntington Beach, Calif., under a lease executed for post-office quarters in 1922, equipment was rented by the lessor from the Keyless Lock Co. at a rate of \$540 per annum, with the Department paying the lessor \$2,400 per annum for the quarters. This lease was extended in 1927 on a month-to-month basis at the same rate and renewed on September 21, 1928, for another 5 years at \$1,500 per annum. During the 11 years the lease ran, the Keyless Lock Co. received \$5,940 for the rental of the equipment. On June 9 last, the inspector handling the lease case reported that an equipment company on the coast had offered to duplicate the equipment, delivered and installed, for the sum of \$2,000. On attempting to make a new lease, the inspector suggested to the lessor that he negotiate with the Keyless Lock Co. for the purpose of securing a reduction in the rental paid for equipment. The company finally agreed to reduce the rent to \$22 per month, and the lessor thereupon agreed to renew the lease at \$1,000 per year with equipment, or at \$300 per year without equipment. It may be stated that subsequently, after readvertising for quarters, the present lessors submitted a new proposal, which was accepted, for rental at \$480 per year with the Government supplying the equipment.

At Overton, Tex., the equipment owned by the Keyless Lock Co., valued at approximately \$450 by the lease inspector, was rented to the postmaster by the company at the rate of \$96 per year. In negotiating the new lease the inspector suggested that the Department take over the second-hand equipment belonging to the Keyless Lock Co., inasmuch as certain Department-owned equipment was also in use at the office and used in conjunction with this privately owned equipment. After advertising in the usual manner, an order was drawn on April 2, 1932, on the Keyless Lock Co. for the second-hand equipment. Notwithstanding this purchase by the Department, the Keyless Lock Co. continued to bill the postmaster for rental, sending him a notice on June 23, 1932, that a payment of \$8 would be due July 1; and on or about July 30, 1932, sent him a notice that \$16 rental was past due. The postmaster called the matter to the attention of the Department, asking if information he had received from the inspector to the effect that the equipment had been purchased by the Department was correct. The matter was taken up with the Keyless Lock Co. and request made that the billing for rental be discontinued; also, make refund of any rental paid after April 2, 1932. Under date of September 20, 1932, the Keyless Lock Co. acknowledged the errors and stated the amount overpaid had been refunded to the postmaster at Overton, Tex.

At Sinton, Tex., a lease at the rate of \$1 per year expired January 31, 1933. Previous to the expiration of the lease the Department was in controversy with the lessor relative to matters of light, heat, etc. The lessor, who rented equipment from the Keyless Lock Co. at the rate of \$468 per year, was in arrears to that concern in the amount of approximately \$750. A group of business men agreed to assist the lessor in paying the expense of renting equipment, furnishing heat, light, etc., but the individuals who made this agreement failed to carry out their part of the contract, and the lessors lost considerable money in carrying out the lease. When the time came to negotiate a new lease, the lessor was in the position of an unsuitable lessor, but the inspector stated that he believed conditions would be much improved under a new lease at a regular rental.

The most advantageous proposal was that of the owner of the quarters then occupied, and the owner offered quarters either with or without equipment. The Keyless Lock Co., only after the inspector had suggested to the proponent that an effort be made to have the rental reduced, agreed to reduce the rental on the equipment, which was then 10 years old and nonstandard, to

\$240 per year under a 5-year lease with option to renew for an additional 5 years at the same rate.

The Division of Equipment and Supplies was requested to advise whether second-hand equipment could be furnished for the Sinton office (current legislation prohibits the purchase of new equipment for offices of the third class) but that Division advised that all available equipment had been assigned to other post offices of the third class.

Consequently it was determined that the best interests of all concerned would be served by accepting proposal no. 1 at the rate of \$480 per year for the room then occupied with equipment supplied by the lessor. Half of this rental will, in turn, be paid to the Keyless Lock Co., by the lessor, and under the 5-year lease that concern will be paid \$1,200 for equipment which it has already rented to the lessor for 10 years and on which it has received approximately \$4,500 in rentals.

From the above it can be seen that if the Department were authorized to furnish equipment to post offices of the third class where unusual conditions exist, a direct saving in rentals could be effected many times. If Government-owned equipment had been carried in stock which could have been provided the Sinton post office the cost would be much less than \$1,200, which will be paid in rental, and at the expiration of the lease period the Department would still own the equipment.

In connection with this phase of the matter attention is also invited to the fact that many times lease cases are delayed to the point where acceptance of the new proposal is not effected until about the time the old lease expires. If the Department is required to furnish the equipment, it takes from 60 to 120 days to go through the regular routine of advertising, awarding contract, manufacturing, shipment, and installation of the equipment. Many times this involves double rentals or the payment of excessive renewal rates in the old quarters. The point is made that if the Department manufactured its own screen-line equipment, the various items of equipment could be made up in advance and carried in stock ready for immediate shipment, thus effecting considerable saving.

I. P. DAWSON,  
Traveling Mechanician.

Mr. McKELLAR. Mr. President, I may say that many Representatives and Senators were perhaps persuaded to vote as they did in reference to this matter by propaganda sent out from what is known as the Keyless Lock Co., of Indianapolis, Ind. The statement I have had printed in the Record has to do with that. That company has been enjoying a virtual monopoly for some years in furnishing post-office equipment, first to the Government, and, secondly, to the several post offices, at such prices that I think any fair-minded man would say, after having read the statement, that such purchases should not be permitted under any circumstances. The Government should not have paid any such prices, nor should the Government make it necessary for the postmasters of the country to pay such prices.

At a later date I will introduce a bill seeking to deal with the question of post-office equipment. The situation ought to be corrected, and the only possible way in which it can be corrected is for the Government to take some such step as is set out in the amendments referred to.

#### UNCLAIMED DEPOSITS IN NATIONAL BANKS—RECONSIDERATION

Mr. REED. Mr. President, 2 or 3 days ago the Senate agreed to a motion requesting the House to return to the Senate the bill (S. 2359) to provide for the disposition of unclaimed deposits in national banks, which we had passed. The House has now messaged the bill back to the Senate in accordance with our request. Now that the bill is again in the Senate, I ask unanimous consent that the votes by which it was read the third time and passed be reconsidered, and that the measure be placed on the Senate calendar.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

#### NAVAL CONSTRUCTION

Mr. DILL. Mr. President, yesterday I entered a motion to reconsider the votes by which House bill 6604, the naval construction bill, had been read the third time and passed, because I wanted to have an amendment which I had offered considered and voted on by the Senate.

I have had conferences with the Chairman of the Committee on Naval Affairs of the House of Representatives and the Chairman of the Senate Committee on Naval Affairs as to the purpose I desire to serve, and they have promised to consider the matter, and state they think they can work out a reasonably satisfactory solution of it in the provisions which will be in conference. I do not want to hold up or



delay the bill, and I have every confidence in the ability of the gentlemen to whom I have referred to be fair in the matter, so I withdraw my notice of a motion to reconsider.

The PRESIDING OFFICER. Without objection, the notice is withdrawn.

Mr. TRAMMELL. Mr. President, I move that the Senate insist on its amendments to House bill 6604, ask a conference with the House on the bill and amendments, and that the conferees on the part of the Senate be appointed by the Chair.

The motion was agreed to; and the Presiding Officer appointed Mr. TRAMMELL, Mr. WALSH, Mr. TYDINGS, Mr. HALE, and Mr. METCALF conferees on the part of the Senate.

#### INCLUSION OF CATTLE AS A BASIC COMMODITY

The Senate resumed the consideration of the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes.

Mr. FESS obtained the floor.

Mr. McNARY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Oregon?

Mr. FESS. I yield.

Mr. McNARY. The Senator from Ohio having yielded, I desire to ask the Senator from Texas as to the parliamentary situation. I understand the pending proposal is the amendment offered by the Senator from Texas to the language found on lines 2 and 3, page 2. Is that correct?

Mr. CONNALLY. The matter immediately pending is the committee amendment, to strike out the word "advance" and then I propose to urge my amendment.

Mr. McNARY. I do not want to delay consideration of the committee amendment, but I want to discuss briefly the proposal of the Senator from Texas.

The PRESIDING OFFICER. Without objection, the committee amendment is agreed to, and the question now is on the amendment offered by the Senator from Texas [Mr. CONNALLY] on lines 2 and 3, page 2.

Mr. O'MAHONEY. Mr. President, I should like very much to propound a question or two to the Senator from Texas with respect to the reasons for the amendment.

Mr. McNARY. Mr. President, I think I shall proceed just briefly, if the Senator from Ohio will permit me.

As I read the House text, the money to be provided out of the Treasury, in the sum of \$200,000,000, is to be reimbursed and again covered into the Treasury of the United States through a duly levied processing tax. When the bill reached the Senate committee the word "advance" was stricken out, so it makes a pure grant out of the Treasury in the sum of \$200,000,000 to be used in the cattle and dairy industry. Is that the interpretation the Senator from Texas places on the bill?

Mr. CONNALLY. It is not.

Mr. McNARY. What purpose was there in striking out the word "advance"?

Mr. CONNALLY. I was not present in the Senate Committee on Agriculture and Forestry. I assume the Senator from Oregon was there when the Secretary appeared and asked that the word be stricken out.

Mr. McNARY. I was not there.

Mr. CONNALLY. I am sure that it was stricken out for the reason that the effect of this bill is to place cattle under section 12 of the original act. Under section 12 of the original act, subsections (a) and (b), the Secretary is authorized to make use of the appropriation for rental and benefit payments. It does not use the word "advance"; neither does the act use the word "advance" with respect to any other agricultural commodity. It simply treats cattle as it treats all other basic commodities. I assume the word "advance" was stricken out at the request of the Secretary of Agriculture because he did not want to differentiate between cattle and the other commodities.

The Senator from Colorado just called my attention to the proceedings before the committee. If the Senator from Oregon will bear with me, I will refer briefly to the statement

of Chester C. Davis, Administrator, Agricultural Adjustment Administration:

There is one criticism that I have of the form of the bill as it came over from the House. If you will take that bill and turn over to the second page, it says:

"And to make advance rental and/or benefit payments with respect thereto." As you gentlemen know, we have power under the present bill to make advances when they are benefit payments by securing a Treasury advance. I think your committee should take that word "advance" out and just say: "To make rental and benefit payments with respect thereto", for the reason that with that "advance" in there it might raise a question as to whether the practice we now follow is legal or not; whether since you state the advance in connection with cattle it might imply that we have not the power to make the advance with the other commodities.

The legal staff consulted me some days ago and made the same argument, that since they had the power under the general act to make advance payments, if we inserted that word it might imply that as to other commodities it did not have that power.

Mr. McNARY. That is the view I have taken of the language since reading it this afternoon.

Mr. CAREY. Mr. President, it appears to me that possibly the reason they asked for this change was on account of section 9 (a), which provides that wherever benefit payments are made a processing tax must be immediately levied. I cannot see the difference between an advance and a benefit payment. If money is advanced to a farmer on account of his crop, it seems to me it is a benefit payment. That is the way I interpret it.

Mr. McNARY. Mr. President, it is perfectly clear to me that, under section 11, subdivision (b), the Secretary of the Treasury and the Secretary of Agriculture cooperating or collaborating can determine in advance the amount of money that will accumulate from the levying of the processing tax. That is a very simple thing to do, and that is what is done in the case of all the commodities now named in the act. I assume the amendment offered by the Senator from Texas is intended to bring again this language back into the act under subdivision 12, namely, that there will be no gratuity, no grant, no advance, if not reimbursable into the Treasury of the United States, so that cattle will not be favored over any other commodity specified in the bill. Is that the view of the Senator from Texas?

Mr. CONNALLY. I will say to the Senator from Oregon that I tried to make that clear yesterday by saying I was insisting that cattle be not set apart in any particular classification and that they have no benefits under this bill that other agricultural commodities do not obtain.

Mr. McNARY. I was not here yesterday.

Mr. CONNALLY. I feel that is a fair attitude to take, and I feel that it is one that the Secretary of Agriculture approves, and I believe that to do anything else will rouse more antagonism to the bill, and will cause us to lose more than we are losing by reason of retaining the provisions now in the bill.

Mr. McNARY. What does the Senator mean by adding to the act this language?

And to support and balance the markets for the dairy- and beef-cattle industry?

Mr. CONNALLY. I will say to the Senator from Oregon that that language was inserted at the suggestion of the Department in order that the Secretary might proceed with arrangements through marketing agreements and whatever other arrangements he is able to work out, toward balancing production and consumption by removal of diseased cattle, getting rid of the old cows and canning them, and things of that kind. That is my understanding of why they desired that language.

Mr. McNARY. Does the Senator expect the Congress later to appropriate the full amount of money authorized in this bill?

Mr. CONNALLY. I hope that it will not be necessary, I will say to the Senator; but I do not know.

Mr. McNARY. What processing tax has the Senator from Texas figured will it be necessary to levy in order to

meet the conditions which he attempts to remedy by this language?

Mr. CONNALLY. I will say quite frankly to the Senator that the Senator from Texas has not in mind any particular processing tax, because he is not sufficiently advised as to the plans to be put into operation.

Mr. McNARY. Does the Senator believe that one is necessary at this time to aid the cattle industry? When the first allotment bill was before the Senate Committee on Agriculture, at which time I was chairman, in the last session of the Hoover administration, the cattlemen of the country were vehement in their opposition to being included in any allotment bill. The late and most beloved Senator from Wyoming, Senator Kendrick, fought it very earnestly and successfully, and cattle were omitted from the bill, upon the theory that the processing tax would have to be paid by the producer of livestock.

I now want to ask the Senator from Texas, who comes from a great cattle-raising section, what is the theory upon which he now proceeds in an effort to amend this bill? Do the cattlemen believe they can afford to absorb the processing tax? When is it to be levied? What is the amount of the tax? What are the facts that caused the Senator today to rise on his feet and advocate the plan which a few months ago was stoutly opposed by the cattle industry of the country? That is all I am asking. It is just a simple inquiry.

Mr. CONNALLY. It will take me some time to reply to that inquiry, if the Senator desires me to make a complete answer.

I ask unanimous consent to insert in the RECORD at this point a list of representative cattle raisers and others who attended the meeting at the Department of Agriculture on January 29, at which this matter was discussed, prior to the introduction of the pending bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

LIST OF PEOPLE PRESENT AT CONFERENCE OF THE DAIRY- AND BEEF-CATTLE PRODUCERS, HELD IN ROOM 1324, NEW HOUSE OFFICE BUILDING, WASHINGTON, D.C., JANUARY 29, 1934

The Honorable Marvin Jones (chairman), Member of Congress from Texas.

The Honorable Henry A. Wallace, the Secretary of Agriculture.

The Honorable Robert D. Carey, Senator from Wyoming.

The Honorable Richard M. Kleberg, Member of Congress from Texas.

The Honorable Otha D. Wearin, Member of Congress from Iowa.

The Honorable Clarence F. Lea, Member of Congress from California.

Mr. W. W. Gaumnitz, Dairy Section, Agricultural Adjustment Administration.

Mr. John B. Shepard, Division of Crop and Livestock Estimates, Bureau of Agricultural Economics, Department of Agriculture.

Mr. W. D. McAfee, Cattle and Sheep Section, Agricultural Adjustment Administration.

Mr. L. M. Merryman, Dairy Section, Agricultural Adjustment Administration.

Mr. C. L. Harlan, Division of Crop and Livestock Estimates, Bureau of Agricultural Economics, Department of Agriculture.

Mr. Paul A. Porter, Division of Information, Agricultural Adjustment Administration.

Mr. DeWitt C. Wing, Division of Information, Agricultural Adjustment Administration.

Mr. Harry Petrie, Cattle and Sheep Section, Agricultural Adjustment Administration.

Mr. Charles E. Collins, president American National Livestock Association, Kit Carson, Colo.

Mr. Charles W. Holman, secretary the National Cooperative Milk Producers' Federation, 1731 I Street, Washington, D.C.

Mr. F. E. Mollin, American National Livestock Association, Denver, Colo.

Mr. Frederic Brenckman, Washington representative, the National Grange, 630 Indiana Avenue NW., Washington, D.C.

Mr. A. M. Loomis, secretary National Dairy Union, 630 Indiana Avenue NW., Washington, D.C.

Mr. Charles A. Ewing, president National Livestock Association, 160 North LaSalle Street, Chicago, Ill.

Mr. Walter P. Stuart, Cedar Bluff, Va. (representing Virginia cattlemen).

Mr. K. W. Hones, Northwest Farmers' Union Dairy Committee, Colfax, Wis.

Mr. J. H. Mercer, secretary Kansas Livestock Association, Topeka, Kans.

Mr. D. M. Hildebrand, president Nebraska Feeders and Breeders Association, Seward, Nebr.

Mr. John A. Simpson, Farmers' Union, Oklahoma City, Okla.  
Mr. J. H. Meek, director, division of markets, State department of agriculture, 1030 State Office Building, Richmond, Va.  
Mr. A. Sykes, president of the Corn Belt Livestock Association, Iowa.

Mr. F. F. McArthur, president the Central West Livestock Feeders Association, Oakland, Iowa.

Mr. C. F. Humphrey, San Francisco Milk Producers Association, San Francisco, Calif.

Mr. A. L. Crow, Atlanta, Ga.

Mr. W. B. Hutchinson, Albany, Ga.

Mr. J. Elmer Brock, Wyoming Stock Growers Association, Kaycee, Wyo.

Mr. W. B. Mount, Tennessee Beef Cattle Producers Association (city not given).

Mr. C. P. McClaugherty, division of markets, Virginia Department of Agriculture, 1030 State Office Building, Richmond, Va.

Mr. Harold H. Hall, The Dairy Laboratories, 1541 New Jersey Avenue NW., Washington, D.C.

Mr. Manville Kendrick, Wyoming Stock Growers Association, Sheridan, Wyo.

Mr. D. A. Fitzgerald, Brookings Institution, 722 Jackson Place, Washington, D.C.

Mr. J. Blaine Shaum, Central West Live Stock Feeders Association, Tarkio, Mo.

Mr. H. E. Gardner, Central West Live Stock Feeders Association, Oakland, Iowa.

Mr. Frederick H. Walton, Croswell Farm, Forest, Va.

Mr. Ray Brown, U.S. Live Stock Association, Springfield, Ill.

Mr. Doles L. James, manager, agricultural Service, U.S. Chamber of Commerce, Washington, D.C.

Mr. Chester H. Gray, Washington representative, American Farm Bureau Federation, 857 Munsey Building, Washington, D.C.

Mr. Hubbard Russell, 636 I. W. Hellman Building, Los Angeles, Calif.

Mr. Robin Hood, secretary-treasurer National Cooperative Council (city not given).

Mr. W. J. Dearth, National Live Stock Exchange, Omaha, Nebr.

Mr. Thomas B. Glascock, president Eastern Livestock Cooperative Marketing Association, Upperville, Va.

Mr. Walter Page, 350 Madison Avenue, New York, N.Y.

Mr. R. J. Kent, 2 Lafayette Street, New York, N.Y.

Mr. George L. Gray, Albany, Mo.

Mr. Julian L. Bivins, Amarillo, Tex.

Mr. W. T. Coble, Texas and Southwest Cattle Raisers Association, Amarillo, Tex.

Mr. Jerome O. Eddy (city not given), Arizona.

Mr. W. M. Vaughn (observer).

Dr. C. D. Pearce (observer).

Mr. W. A. Wentworth (observer).

Mr. J. B. Garrison, member Farmers' Union Dairy Committee (no city or State given).

Mr. T. R. Pirtle (no city or State given).

Miss Mildred Aaberg (reporter).

(The attendance list is incomplete. The reporter arrived at 2:30 p.m., after the meeting had been in progress for some time, and after the Secretary of Agriculture had given his address.)

Mr. CAREY. Mr. President, the Senator from Texas does not contend, does he, that all the men who attended the meeting approved the processing tax?

Mr. CONNALLY. I desire to read what they did approve. I have in my hand a full report of what transpired at that meeting. On page 22 of the transcript appears the following:

Those favoring endorsing the principle of the measure now pending before the Committee on Agriculture will make it known by saying "aye."

The vote was taken, and the motion carried, there being no dissenting vote.

Here was a unanimous vote by representatives of the cattle and dairy interests at that meeting. I cannot speak for all the cattlemen in the United States, and do not pretend to do so; but their chosen representatives were at that meeting, and they voted unanimously for the principle of this measure.

Mr. CAREY. Mr. President, I was present, I think, when they voted, and I know there were men there who were not in favor of the processing tax. I do not think there was an opposition vote, as the Senator has said, but I know there were men there who were opposed to the processing tax and who were opposed to this bill unless a certain program was worked out in connection with it. The thought was at that time that there should be a meeting of the stockmen and that the stockmen should determine upon a program to submit to the Secretary of Agriculture in connection with the carrying out of the act.

Mr. CONNALLY. Then the attitude of the Senator from Wyoming is, evidently, that he wants the \$200,000,000 but he does not want the processing tax?



Mr. CAREY. The Senator has stated my position exactly.

Mr. CONNALLY. Of course, everyone would like to get \$200,000,000 out of the Treasury, and then have the industry do nothing to bear its part of the burden or perform its duty. I am not going to stand on the floor of the Senate and ask the Senate to hand out \$200,000,000 as a bounty to any industry. If the cattlemen do not want to come in under the Agricultural Adjustment Act, let them stay out; but if they want to come in, let them come in like everyone else comes in.

I am surprised that the Senator from Wyoming would stand upon the floor of the Senate and avow the position which he now asserts, that he wants the Treasury of the United States to hand out \$200,000,000 to the cattlemen, and then he does not want the cattlemen to have to pay a processing tax or to do anything except to walk up to the Treasury and sign a receipt. Mr. President, that sort of procedure would bankrupt our Government, and I will not stand here and fight for such a thing.

Mr. FESS. Mr. President, if the Senator from Texas will wait a little while—it will not take me over 10 minutes to finish what I have to say—and then he can take the floor.

Mr. CONNALLY. I thank the Senator from Ohio for his indulgence thus far.

Mr. FESS. Mr. President, just before we went into executive session I was about to quote from a record as to the manner in which the hog program has been carried out. There were two or three things left unsaid that I wanted time to say.

I also wanted to make a general statement as to what this program is costing. The Secretary of Agriculture has stated at different times that he would not want to be committed to any particular figures because they were merely estimates, but that it would probably cost \$800,000,000 to carry out the program as it was then in the minds of those who had it in charge. It was thought that the processing tax would be sufficient to take care of the expenditure, and that was the basis on which the processing tax was to be laid. In the language of the Senator from Texas, if there was to be any particular advantage to an industry the cost was not to come out of the Treasury but was, if possible, to be assessed in the form of a processing tax upon the consumer. The danger is that it will be reverted to the producer. No one seems to know whether the one or the other will happen; in fact, the Department is uncertain about it as it has expressed itself through one of its most notable representatives, Mr. Davis, who said:

As you know, under the law we draw upon the Treasury for an advance against the processing tax to accrue so that temporarily any one account may be overdrawn while the payments are being met. However, we did collect up to December 31 approximately \$80,000,000 on account of the cotton-processing tax. It is running right along very nicely, and somewhat in excess of the estimated collection of processing taxes. Therefore, there is every reason to believe that the proceeds from the processing tax will pay all of the cotton-program expense; with the exception of the payments in connection with the cotton-option pool, which are to be met out of a special fund known as the "Bankhead Act fund", which runs to a total under the Bankhead Act, of approximately \$60,000,000.

Mr. Davis expressed the philosophy underlying the processing tax, that it is designed to take care of all the extra expense so that the money will not ultimately come out of the Treasury. Now we see that in practical operation that is not proving to be the case. In other words, the Department of Agriculture is asking for appropriations, not directly but through allocations from the P.W.A., of over \$800,000,000. That suggestion is in this report which we will consider when we come to the appropriation bill. It is one of the most dangerous movements in connection with the activities of the new deal. In other words, heretofore every appropriation has been itemized, and no appropriation has been made, except in specific terms, providing how the money shall be expended. Here, however, is a request for appropriations—to come from what? From the lump sum that is provided for the P.W.A., the amount to be allocated to the Agriculture Department and to be applied by the

A.A.A., with no restraint from the Comptroller General, as must be the case as to all other items of appropriation, and with an avoidance of all requirements that heretofore have been insisted upon as to every dollar that is appropriated being in terms specifically expended for the object for which it was estimated and appropriated. It would seem to be indicated that the processing tax is ultimately to be abandoned, and we will have to look to the Treasury to provide money for the purposes contemplated by the A.A.A. in the form of a subsidy. If we are going to enter upon that policy, let us know it at the outset. It ought not to be camouflaged or covered up in any way, as might be the case, it seems to me, if the requests now being made are rightfully interpreted.

Mr. President, with an expenditure of \$800,000,000 out of the Treasury, or out of the processing tax, for the purpose of increasing the price of agricultural commodities, and having spent the money, as we already have done in the case of cotton, as we have done in the case of hogs, and as we are doing in the case of wheat for the purpose of reducing production, yet production has not been reduced, and there has been no increase in prices due to the operations of the A.A.A. There has been an increase in prices, however, due to the devaluation of the dollar to a basis of 50 cents or 60 cents.

I asked the Secretary of the Treasury to give me a report as to prices of commodities so that I might know just in what degree either the A.A.A. or the devaluation of the dollar has reflected or registered an increase of prices. I received this official statement from Mr. Tugwell:

Cotton, percentage of increase, 74.5.

That is one of the commodities included in the A.A.A.

Corn—

Another commodity included in the A.A.A.—

116.5 percent.

Oats—

Which is not included in the A.A.A., and not being one of the seven basic commodities, it falls without the limit of assistance from the A.A.A.—

percentage of increase, 136.1.

Or 20 percent higher than the percentage of increase in the case of corn, which is covered by the A.A.A.

Barley—

And barley is not covered by the A.A.A., but there has been an increase in the price of that commodity amounting to 126.8 percent.

Wheat is included in the A.A.A., and in the case of that commodity there has been an increase in price of 108.4 percent.

In the case of rye, which is not included in the A.A.A., instead of the increase in price being 108 percent, as in the case of wheat, the increase has been 137 percent, a considerably higher percentage of increase in price than in the case of wheat, which is covered by the A.A.A.

I might go on down the line. Hogs are covered by the A.A.A., but there has been no increase in price. On the contrary, according to these figures, the price is 0.7 of 1 percent lower. There is a loss also in the case of beef cattle, but they are not covered by the A.A.A.

In the case of milk, which is covered by the A.A.A., there has been an increase in the retail price of 12.2 percent; but, Mr. President, notice what has occurred in the case of wool. Wool is not covered by the A.A.A., and yet the increase in the price of that commodity has been 175 percent. So it appears that the greatest increases of price have been in the case of commodities not receiving assistance from the A.A.A.; in fact, the price of some of the commodities covered by the Agricultural Adjustment Act has actually fallen since the act began to operate.

I desire to make the statement—and I defy contradiction—that, after the expenditure of hundreds of millions of dollars in the inducement to reduce production for the purpose of increasing prices, there has been no increase of prices due to the operation of the Agricultural Adjustment Act.

There has been an increase of prices, it is true, but we anticipated it.

As I said on this floor at the time we were discussing the devaluation of gold, of course, if we cut the measuring unit by 50 percent we do not increase the value of the commodity measured by that unit; we do not increase its value but we increase the price, just as we do not increase the number of yards of cloth purchased when we halve the measuring stick. We may increase the number of units, but the length of the cloth is exactly the same. So I can understand why the Senator from Tennessee read the figures I hold in my hand, which were taken from the Washington Post, and which deal with commodity prices and take the two periods—one before the 50-cent dollar became operative and one after it became operative.

It is a pertinent question, when we see that the price of fertilizer has increased, to ask how much more fertilizer a 50-cent dollar will buy. Perhaps it is better to ask how much less it will buy. How much more machinery will be purchased by the cheap dollar? It is all right when the farmer is selling his products, but it is not all right when the farmer is buying the products of others. The difficulty is that the farmer loses because the price of the commodity he produces has increased less than the price of the products he consumes or purchases from someone else.

The whole program has been a complete flop, a total collapse, and it could not be otherwise. Notice the manner in which the Government dealt with the first hog-buying campaign. As I said a little while ago, the Government purchased 6,600,000 pigs and only 200,000 brood sows. The Government paid for those animals \$31,000,000. Pork obtained from the slaughter of those animals aggregated nearly 1,000,000 pounds. In addition to that the A.A.A. obtained about 20,000,000 pounds of grease, the value of which was estimated at about \$500,000, and 5,000 tons of fertilizer tankage, which might bring as much as \$90,000. It is estimated that storage and other charges bring the total cost of this venture to \$35,000,000.

If the estimated value of the grease and fertilizer obtained by the A.A.A. is deducted from this sum, about \$34,400,000 remains to represent the value of the meat that was salvaged for the unemployed or thrown into the Mississippi River or otherwise disposed of. In other words, this vat of 100,000,000 pounds of meat, part of which is now going into the homes of the unemployed, has cost the taxpayers a little more than 34 cents a pound. I do not want that to escape the attention of Senators.

Mr. LONG. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. ERICKSON in the chair). Does the Senator from Ohio yield to the Senator from Louisiana?

Mr. FESS. I yield.

Mr. LONG. I think the Senator has probably made a mistake in placing his decimal point. I understand that hogs are now selling for only about 4 cents a pound.

Mr. FESS. That is true.

Mr. LONG. Did not the Senator say this hog meat cost the taxpayers 34 cents a pound?

Mr. FESS. I did.

Mr. LONG. Has not the Senator made a mistake?

Mr. FESS. No; I do not think so.

Mr. LONG. How does that happen?

Mr. FESS. When the purchaser buys it in the general market, the price is about 4 cents a pound. It is 34 cents a pound only when the Government is doing the buying. In other words, this vat of 100,000,000 pounds of meat, part of which is now going into the homes of the unemployed, has cost the taxpayers a little more than 34 cents a pound. Fresh pork could be purchased for less than half that price at retail in the city of Washington at the very moment the Government paid the price I have indicated. The top price for hogs in Chicago at the time was only 4¼ cents a pound.

Mr. President, it is that sort of thing that nauseates every decent person who wants business to be conducted on a business basis. This miserable experience compels the Department, instead of undertaking to process it itself, to

buy directly from the packers the meat necessary to supply the unemployed. I commend the Department for changing from the original plan to a plan that does not involve such wicked extravagance as the original plan demonstrated at the time.

Mr. SHIPSTEAD. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Minnesota?

Mr. FESS. I yield.

Mr. SHIPSTEAD. Where does the Senator get that information?

Mr. FESS. The information comes from the Department's own statement, and this is a comment from an editorial in the Washington Post. I do not want the Senator from Minnesota to infer that what I am saying is not supported by a statement of the Department itself in a report on the first hog-buying campaign.

Mr. LONG. Mr. President, will the Senator pardon me again?

Mr. FESS. I yield.

Mr. LONG. There seems to be something wrong with that. Did not they get more meat than that out of it and throw some of it away?

Mr. FESS. Yes. Does not the Senator from Louisiana recall that it was suggested that some of it should be thrown into the Mississippi River? The purpose was to reduce production, and it was merely an afterthought to take it and give it to the unemployed. At first they did not know what to do with it except to make it into fertilizer.

Mr. CAREY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Wyoming?

Mr. FESS. Certainly.

Mr. CAREY. I desire to ask the Senator from Ohio if he has seen an article appearing in the Washington Daily News of yesterday headed "Wallace Denies Destruction of Food and Clothes"? It is an article by the Secretary of Agriculture in which he makes this statement:

The emergency pig-slaughtering campaign did not destroy food. All the edible products were turned into relief channels. Surplus acres breed nothing but confusion, poverty, and waste.

I should like to ask the Senator, in view of the fact that nearly 6,000,000 pigs were destroyed and were not used for food, if the Secretary is justified in making such a statement as that?

Mr. FESS. I believe not. I want to be most cautious in what I say about anyone who has made an official statement. My acquaintance with the Secretary of Agriculture is such that it leads me to believe he would not knowingly make a statement that is not supported by the facts. I think he is a very honest and conscientious man and has, I may say, a constructive mind; but he certainly is being misled when he makes the statement that there have been no foodstuffs destroyed.

If we buy a pig weighing 80 pounds and then undertake to slaughter it and get only 14 pounds of food, there is some waste somewhere. That is the report. It may be that the Secretary thinks he has made a correct statement.

Mr. CAREY. The Secretary made the statement in the report which he furnished that pigs weighing 80 pounds or less were not processed for the reason that it was not economical to process them. I believe 80-pound pigs are pretty good food; in fact, much smaller pigs are; but the reason given for not processing them was that the packers could not remove the hair from the pigs with their machines, and therefore they were thrown away.

Mr. FESS. That would be waste, would it not?

Mr. CAREY. I think so.

Mr. FESS. That may be an explanation of the thing about which I am trying to exculpate the Secretary. Whatever be the explanation, there is no justification in times like these, in the interest of reducing production, for the destruction of foodstuffs. That is a wicked thing and it ought not to be permitted under any circumstances.

Before the "new deal" and the "new dealers" ever saw Washington some of us here were engaged in considering



and passing what ultimately became the Clayton law. What was the purpose of the Clayton law? It was to prevent, by the imposition of penalties under a criminal provision, any destruction of any food products in order to keep up prices. That was the purpose of the Clayton Act. It was enacted into law by an overwhelming majority.

Yet here is the Government of the United States doing precisely what we penalized by the passage of the Clayton bill. It is absolutely indefensible, and cannot be justified on any basis whatever.

It is this sort of thing that, it seems to me, will lead the people of our country to demand a cessation of this foolish experimentation, the only excuse for which is, "Well, if it does not succeed, we will quit and admit that it is a failure", as if that were a justification for going on with such a program as this.

As I previously stated, if any article is to be favored, let the cattlemen come in and have the same consideration as others. The thing for us to do, however, is to remove the heavy hand of the Government from business, and let business have a chance to recover. Until we do that, there are going to be gloomy days before us.

Mr. CONNALLY. Mr. President, I should like to have a vote on my amendment.

Mr. VANDENBERG. Mr. President, may I ask the Senator one further question?

Mr. CONNALLY. I yield.

Mr. VANDENBERG. I am keenly concerned about the basic question which the Senator from Oregon [Mr. McNARY] and the Senator from Ohio [Mr. Fess] have been pressing; to wit, the question whether, under the pending proposal as submitted by the Senator, a processing tax will be applied to match the benefits which it is proposed to pay.

If it is not proposed to make uncompensated payments out of the Treasury, why is it necessary to appropriate \$200,000,000 in this respect for cattle alone, when the original bill appropriated only \$100,000,000 as a revolving fund for all of these other basic commodities?

Mr. CONNALLY. I shall say to the Senator that it is necessary to make an initial appropriation for cattle, just as it was necessary to make an initial appropriation in the case of other agricultural commodities, because the purpose is to begin operations immediately.

Mr. VANDENBERG. I do not think the Senator gets my point.

Mr. CONNALLY. I do. I shall come to that in a minute. We cannot get the money from the processing tax until after the program is in effect and goes along for a considerable period.

Mr. VANDENBERG. That is true.

Mr. CONNALLY. It is necessary to have a revolving fund to start with.

Mr. VANDENBERG. That is true.

Mr. CONNALLY. When the Senator mentions the amount of the appropriation, I should like to remind him that beef and dairy cattle constitute a great proportion of the wealth of the country. It takes lots of money to deal in them. That is why the appropriation is larger.

Mr. VANDENBERG. Would the Senator say that it would take twice as much to finance a cattle campaign as a campaign covering all the wheat, cotton, field corn, hogs, rice, tobacco, and milk, and all their products in the United States?

Mr. CONNALLY. Let me say to the Senator that this is simply an authorization. Congress still has to make the appropriation. It will not all be made at one time. The processing taxes, when collected, go back into the Treasury. Therefore we have to have a rather broad range of authorization, because the processing tax does not go to the Secretary of the Treasury so that he can spend it again. It goes into the Treasury, according to my understanding.

Mr. VANDENBERG. There must have been some basis upon which the \$200,000,000 was computed. Why is it that twice as much is necessary for cattle as was contemplated for all the other basic commodities combined?

Mr. CONNALLY. My information is that the cattle and the dairy industries cover more than three times as much acreage as the other industries. I am not prepared to say, however, just what their percentage of money value is as compared to other agricultural commodities.

Mr. McNARY. Mr. President, will the Senator yield to me for just a moment?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Oregon?

Mr. CONNALLY. Yes.

Mr. McNARY. I think the Senator made a statement which he did not intend to make. The dairy interest is not involved in this bill. The bill takes care of beef cattle and dairy cattle used for beef.

Mr. CONNALLY. That is partially correct. It takes care of all dairy cattle.

Mr. McNARY. The Senator said "the dairy industry."

Mr. CONNALLY. I meant "the dairy-cattle industry."

Mr. McNARY. The gross income from the dairy-cattle industry is smaller than that from cotton, vegetables, fruits, poultry, and dairy products. I think cattle stand about sixth from the top of the list in gross income, though the industry is a large one.

I do not desire to interfere with the Senator's remarks; but, like the Senator from Michigan, the point which I do not understand is this:

The original authorization was \$100,000,000 for six distinct basic agricultural commodities mentioned in the original act. So far as I am advised, that has been sufficient to take up the slack between the gathering of the processing tax and the repayment to the Treasury of the amount advanced. That being so, why does the Senator want an authorization for \$200,000,000 here for an industry that is far from the top in the matter of gross receipts and returns to the producer?

That is an argument that I do not understand. What is the basis for an authorization of \$200,000,000? It occurred to me that \$50,000,000 ought to be ample to take care of 1 industry, if \$100,000,000 is ample to take care of 6 industries, 3 of which are larger than this 1.

Have I made myself clear?

Mr. CONNALLY. Allow me to say to the Senator that if a small sum were appropriated it probably would be frittered away without securing any substantial results. [Laughter.] That seems to arouse the mirth of some Senators. Here is a great program. We have to start it.

As I have indicated, this money no doubt will be collected finally in the form of processing or other taxes; but why limit it to \$50,000,000 when Congress has complete control over the appropriation? This bill merely carries an authorization. We still have to bring out these appropriations; and Senators know—I am sure the Senator from Wyoming knows—that even with the low price of cattle it takes a large volume of money to finance the marketing and the sale and the handling of large herds of beef and dairy cattle. The dairy industry alone wanted \$300,000,000, not for the cattle but for the dairy industry itself.

Mr. VANDENBERG. Mr. President, there seems to be uncertainty, as stressed by the Senator from Ohio [Mr. Fess], as to whether, in final fact, it is proposed to reimburse the Treasury for the benefits paid under this cattle section.

The Senator from Texas made a very sturdy statement a few moments ago, with which I heartily concur, and I commend him for making it; namely, that under this bill he seeks no benefit for cattle which does not already exist for the other basic commodities. Yet apparently there are Senators upon the floor who intend to vote for the Senator's bill upon the theory that they can get the benefits without paying any processing tax.

Mr. CONNALLY. And there are Senators on the floor—the Senator from Wyoming, for instance—who are going to vote against the bill because they think there is going to be a processing tax.

Mr. VANDENBERG. The Senator who is now speaking is interested solely in seeing to it that a precedent is not

established for straight bounty payments, because if there are going to be bounty payments on cattle there might just as well also be bounty payments upon Michigan beans, which are equally in difficulty.

Mr. CONNALLY. Let me say to the Senator that I cannot make this matter any clearer than I have undertaken to make it heretofore. If the Senator from Michigan will read the bill, and if other Senators will read the bill, and not draw conclusions from reaching up in the air and picking imaginary things out of the atmosphere, they will see that what the bill does is to put cattle as a basic commodity under section 12 of the original act. If the Senator will read section 12, subsections (a) and (b), he will find that the Secretary can do with cattle only what he does with every other agricultural commodity.

If that is not plain Michigan language, it is as plain as the Senator from Texas can make it.

Mr. VANDENBERG. Mr. President, that is plain Michigan language, and I have read the bill; but the Senator from Texas used some plain Michigan language yesterday also. I quote from page 3816 of the RECORD, where the Senator from Iowa [Mr. MURPHY] says:

The Senator from Texas has admitted that the tax to be imposed will be paid by the industry.

Mr. CONNALLY. If it is levied.

What did the Senator have in mind when he threw that "if" into yesterday's argument?

Mr. CONNALLY. I shall say to the Senator that I do not know whether a processing tax will be levied or not.

Mr. VANDENBERG. That is what I want to know.

Mr. CONNALLY. Just a moment. The Secretary of Agriculture may not find it necessary to spend any money. He may decide not to levy any tax. I do not know what he is going to do, and I am not going to undertake to speak for him. This bill provides other things than spending money and collecting it in the form of processing taxes. It authorizes the Secretary to make marketing agreements with the producers and with the packers and those engaged in the industry. It is possible that there never will be a processing tax levied; but certainly the Secretary has no broader powers under the pending amendment to the original bill with regard to cattle than he had with regard to all other basic commodities under the original bill, and the Senator from Michigan knows how that has been handled. Senators on the floor now are complaining because he levied a processing tax on hogs.

Mr. VANDENBERG. Senators also know that there is a \$100,000,000 deficit today in the receipts from processing taxes as compared with the expenditures.

Mr. CONNALLY. Why, to be sure, because we cannot get all the processing taxes back in a moment. It takes at least a year's period.

Mr. VANDENBERG. May I ask the Senator from Texas, then, if it would be a fair amendment to the answer of yesterday which I have quoted—and I am not seeking to be controversial; I want the facts—that if no processing tax is levied, no benefits will be paid? Would that be a fair interpretation of the Senator's position?

Mr. CONNALLY. I have tried to indicate to the Senator from Michigan that I do not know everything that is in the mind of the Secretary of Agriculture. Here is another thing of which I should like to remind the Senator: Whatever the Senator from Texas has said is in the RECORD, and he stands by it.

On yesterday the Senator from Texas pointed out that the Secretary of Agriculture gave assurance to the committees of Congress that before he adopted any plan—any plan—under this bill, he would call representatives of the cattle industry to meet with him, get their views, try to go along with them, and work out a plan that would be satisfactory. What that plan will be I do not know; and unless I know what that plan will be, I cannot tell the Senator what the probabilities of any particular form of action may be.

Mr. VANDENBERG. Does the Senator construe the original Agricultural Adjustment Act as prohibiting the pay-

ment of benefits to basic commodities except as compensating processing taxes are applied?

Mr. CONNALLY. I do not know that the Senator from Texas is prepared to answer that question in great detail. It is contended by many Senators here on the floor that the moment a benefit is given to an industry, the processing tax goes on.

Mr. McNARY. Mr. President, will the Senator yield? I think I can answer that question.

Mr. CONNALLY. I yield.

Mr. McNARY. I think I am sufficiently conversant with the provisions of the act to say emphatically that no benefits can become available unless a processing tax is laid. I think that when the Senator from Texas inserts in subdivision 1 a provision that cattle are to be considered as a basic commodity, and under his amendment to section 12 cattlemen are to be inhibited from getting any benefit unless the processing tax is paid, it will be up to the Secretary of the Treasury to determine whether or not he wants to invoke this bill for the benefit of cattle and levy a processing tax. He may or may not. If he does, the processing tax will have to be paid. If he does not, the cattle situation will not have been at all affected by this bill.

Mr. CONNALLY. Mr. President, let me say that the testimony of Mr. Chester Davis, Agricultural Adjustment Administrator, before the committee, was along the line of the Senator's suggestion, and, as I understand, the testimony of the Secretary of Agriculture was along the same line. What the Senator from Texas said a little while ago was that he did not propose to stand here on the floor of the Senate and ask for any special exception to be made in the case of cattle, and I am not pleading here for a \$200,000,000 bounty for cattle which other industries do not receive.

Mr. VANDENBERG. Mr. President, I honor the Senator for his position. There are two things which have emphasized the confusion in my own mind, and I will state the first thing that emphasized the confusion. The Senator has quoted the unanimous approval of a certain group of cattlemen for his pending amendment, and he was good enough to show me a report of the proceedings of the meeting where that endorsement was given. I find that the spokesman from Iowa in the meeting which unanimously endorsed the Senator's amendment made the statement that he was absolutely opposed to a processing tax which would fall back upon the producer. So it seems to me that since this tax, being a livestock tax, will fall back upon the producer, the gentlemen who have been quoted by the Senator as favoring his amendment are doing it on the theory that they will not be taxed with a processing tax. That is the first thing that confuses me.

The second thing that confuses me is that, if the bill does not contemplate any direct grant to the cattle industry, I totally fail to understand why \$200,000,000 should be asked by way of a revolving fund for this one industry, when only \$100,000,000 was necessary as a revolving fund for all six of the other basic industries of the country.

In the presence of those two contemplations, plus the obvious disagreement which has seemed to exist upon the floor of the Senate itself respecting the effect of this language, I have been challenged again to wonder what the final effect of the situation is.

The Senator from Oregon, who is quite a satisfactory witness to me as respects expert information regarding the Agricultural Adjustment Act, as I understand it, makes the categorical statement—and I wish to be corrected if this is wrong—that if the amendment of the Senator from Texas is adopted there can be no benefit payments to cattlemen, except as there is a compensating processing tax injected into the equation. If that is the situation, the situation is agreeable to me insofar as that phase of the problem is concerned.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. McNARY. I am not called upon to construe the provisions of the amendment of the Senator from Texas, but I



know this, from a study of the act as originally passed by the Congress, that no benefits could go to any industry, agricultural in its nature, mentioned in the act, unless charge in like amount, through a processing tax, were made. It is my opinion that when the Senator brings cattle within that category or classification, no benefits can go under the provisions of this bill to the cattlemen, unless there is a corresponding charge made through a processing tax.

Mr. VANDENBERG. Very well.

Mr. CONNALLY. Mr. President—

Mr. VANDENBERG. Just a moment. Then I am perfectly sure that the cattlemen who were quoted as unanimously endorsing the bill are going to be grievously disappointed, and are going to feel that their attitude has not been correctly reflected; and in the face of the statement made by the Senator, I am now totally unable to understand why any \$200,000,000 authorization should be necessary, and why it should not be cut to at least \$50,000,000 in relationship to the authorization in the original Agricultural Adjustment Act.

Mr. FESS. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. CONNALLY. I have the floor.

Mr. VANDENBERG. I beg the Senator's pardon.

The PRESIDING OFFICER. Does the Senator from Texas yield; and if so, to whom?

Mr. CONNALLY. Mr. President, I want to submit a few remarks myself in answer to the Senator from Michigan; then I shall yield to the Senator from Ohio.

Permit me to say to the Senator from Michigan that as soon as the Senator from Texas satisfies the Senator from Michigan upon one point, he brings up something else which he thinks is wrong with the bill. He was first worried about the prospect of somebody getting something for nothing. When he finds that is not to occur, he finds an objection about the amount of the appropriation.

Let me read what Mr. Davis said, if the Senator from Michigan is interested in getting an answer to his question. I see the Senator from Michigan in private conversation with the Senator from Ohio [Mr. FESS]. Whenever the Senator from Michigan and the Senator from Ohio go into a huddle there is trouble for somebody. [Laughter.]

I shall read what Mr. Davis, the Agricultural Adjustment Administrator, said before the committee. The Senator from New Mexico [Mr. HATCH] asked him this question:

I would like to ask one more question about the direct appropriation, Mr. Davis, because my people in New Mexico are very much opposed to the processing tax, and they were under the impression that this bill, making a direct appropriation, might enable the Department to work out some other program aside from the processing tax. That is not correct, though, as I understand your statement?

The Senator from New Mexico [Mr. HATCH] understood Mr. Davis' statement to be along the line of the understanding of the Senator from Oregon. This was the response of Mr. Davis:

No; it would not be possible to put the beef-cattle industry on a sound basis, in my judgment, without supplementing this appropriation with income from the processing tax.

I am not called upon to construe everything that may be done. Senators are just as capable of reading the original act and construing it as is the Senator from Texas. All in the world this bill will do, as suggested by the Senator from Oregon, will be to put cattle under the general act, and then the Secretary would have the same power with regard to cattle that he has with regard to other commodities, and no more.

The second section provides an appropriation, and authorizes the Secretary to begin operations. If there is anybody who does not understand those two simple things, then the Senator from Texas is powerless to explain anything, because if he cannot make that plain, he cannot make anything plain.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. VANDENBERG. Mr. President, may I make an inquiry, just to make one thing plain? Why is \$200,000,000 required?

Mr. CONNALLY. The Senator says why \$200,000,000? Why a dollar? Why 25 cents?

Mr. VANDENBERG. We had a yardstick in the original adjustment act.

Mr. CONNALLY. If the Senator from Michigan will only listen, he will learn that this bill covers all of the dairy cattle and all of the beef cattle in the United States. Neither of those classes of cattle is sold in the 5-and-10-cent stores. It takes a lot of money to handle operations with large herds of cattle. I do not know why the exact figure of \$200,000,000 was fixed; but it is simply an authorization, and Congress does not have to give them a thin dime until it gets ready to appropriate the money.

Mr. President, if the Senator from Michigan is really against the bill, I would be glad to have him say so; but he finds one thing is wrong with it, and we have filled up that hole, then he goes over and has a whispered conversation with the Senator from Ohio [Mr. FESS], who is "agin the Government" all down the line [laughter], and he finds something else wrong with the bill. It is related of the Senator from Ohio [Mr. FESS] that he was once shipwrecked on an island. There was apparently nobody living there, but he finally found a fellow and said, "To whom does this island belong?" The man answered, "It belongs to the Government." The Senator said, "Who is the Government?" The man answered, "I don't know." The Senator from Ohio then said, "Well, I'm agin it, anyway." [Laughter.]

Mr. FESS. O Mr. President, I borrowed that from an Irishman.

Mr. CONNALLY. The Senator borrowed it?

Mr. FESS. Yes.

Mr. CONNALLY. Did the Senator pay back in the 50-cent dollars he has been complaining about all day?

Mr. FESS. I borrowed that from the Senator from Texas.

Mr. CONNALLY. Mr. President, I now yield to the Senator from Minnesota.

Mr. SHIPSTEAD. Mr. President, I just want to ask the Senator a question, because I may have misunderstood him earlier in the afternoon, and I do not want to have a misunderstanding. As I understood the Senator, he said, in a colloquy, that if the processing tax were levied, it would be paid by the industry. Did the Senator mean to say that?

Mr. CONNALLY. Of course. Who is going to pay it? Somebody must pay it. The industry, in a large sense, would bear the expense, of course. I suppose the Senator is inquiring whether the producer or the consumer would pay it?

Mr. SHIPSTEAD. Yes.

Mr. CONNALLY. Who can say? Nobody can say who is going to pay it, whether the producer or the consumer. I tried to discuss that point yesterday. I do not know, and nobody else can know. When a processing tax is put on a commodity the chances are that the producer will bear some of it and the consumer will bear some of it. If the price is lifted the producer can pay part of the tax and still profit by it. I want to be courteous to the Senator; but, frankly, I do not propose to go off into a discussion of things like that, because nobody can determine such questions.

Mr. President, I ask for a vote on my amendment.

Mr. DICKINSON. Mr. President, I think there is some explanation why this item is in the bill to the extent of \$200,000,000, and I think all we have to do is to look up the record. Report No. 820 on the agricultural appropriation bill, filed in the House February 20, 1934, contains, on page 3, the following item:

Appropriations for 1934. \* \* \*  
5. Agricultural Adjustment Administration: \* \* \*  
Advances (paid from processing taxes), \$855,379,811.

The Treasury statement of March 2 contains, on page 2, the following item:

Comparative analysis of receipts and expenditures. Processing tax on farm products, \$203,462,374.14.

In other words, we have here an obligation of the Government of \$855,000,000; and we have collected since the

processing tax has been in operation—which includes also all the processing tax that was imposed on stocks in hand and on manufactured goods in storage—only \$203,000,000. Against that we have created an obligation of \$855,000,000.

As a matter of fact, I think any fair reading of the hearings on this bill shows that it is the purpose, if it can be done, to put this bill through in such a way that the beneficiaries can have \$200,000,000, and that it will not be necessary to impose the processing tax at all. There has been a hesitancy on the part of every official who has testified in behalf of this bill to state when the processing tax would be levied. They have said they did not know. So we have this cushion fund of \$200,000,000 charged against the general revenues of the Treasury in order to cover this particular period.

In line with what I have just said, I desire to read from the testimony before the Senate committee, on page 9:

Senator MURPHY. How do you propose to recover this \$200,000,000?

Mr. DAVIS. We have not gone into that phase of it, Senator. This appears to be an authorization for an outright appropriation. In that respect, that is a good deal like the \$100,000,000 in the amendment last year. It was out of any money not otherwise appropriated.

Senator MURPHY. You do intend to impose processing taxes?

Mr. DAVIS. Yes, sir.

Senator MURPHY. You do not know when you will impose them?

Mr. DAVIS. We would have to impose them when the program first begins, and that should be regarded, I think, as a supplement to the income from processing taxes, so that more money can go out to the farmer, rather than substitute the price.

Senator MURPHY. Then the processing tax will be imposed at the very incidence of this program?

Mr. DAVIS. Yes; but it must not be imposed at its full amount. I am inclined to think it would be graduated up and reach its full size when you began to have some effect from it and had a support under the market.

Senator MURPHY. Well, this is a perishable product, beef, and your idea of the effect of that processing tax, I gather from what you said, is that it will act to reduce the amount the producer may receive for cattle?

Mr. DAVIS. I say that the tendency might be in that direction.

I could read the remainder of Mr. Davis' answer, but I do not think it necessary.

The best and most experienced packers—and I desire to compliment some of the packers, as I think they have in many ways done a splendid job in attempting to cooperate with this law—say that, in spite of all they can do, the processing tax has been divided as follows: About 66½ percent comes from the price paid to the producer, and about 33½ percent comes from the price paid by the consumer for the packers' product. The percentage will vary in one form or another, but as a general rule it will be found that that percentage practically runs uniformly.

As a matter of fact, the real plan of this program and the real plan with regard to the \$200,000,000 is to make the money available for exactly the same purpose as in the case of the purchase of hogs, where there was an allocation to the Agricultural Adjustment Administration of some \$465,000,000 for which they made no accounting. When the agricultural appropriation bill comes before the Senate, I shall make some remarks along that line. I do not believe the administration can justify the method by which funds have been put in the hands of individuals with no provision for accounting to anybody, and probably in many cases with very little authorization of law.

In order that we may have some understanding as to what has happened with reference to the processing tax on hogs, I have prepared some data—

Mr. FESS. Mr. President—

The PRESIDING OFFICER (Mr. CLARK in the chair). Does the Senator from Iowa yield to the Senator from Ohio?

Mr. DICKINSON. I yield.

Mr. FESS. Before the Senator goes into that matter, permit me to interpose. In corroboration of what the Senator said with respect to Mr. Davis' statement regarding the processing tax, has the Senator examined the hearings in the Committee on Agriculture relative to the tax on hogs?

Mr. DICKINSON. I have to some extent.

Mr. FESS. Will the Senator permit me to read a sentence or two?

Mr. DICKINSON. Yes, indeed.

Mr. FESS. Representative DOXEY said:

That leads to this thought: Should we now place cattle in this act as a basic commodity and should the Congress appropriate \$200,000,000 out of Treasury money for the relief of the cattle industry—

Secretary WALLACE interposed:

I think, then, it would be possible to get an earlier program under way, in my mind.

Mr. DOXEY. All right. One step further. Should we include cattle as a basic commodity but not make the direct appropriation from the Treasury, which, as you readily understand, is going to be the real vital question, then it would be necessary in order to carry out any program and to finance the matter to have a processing tax on cattle, would it not?

Secretary WALLACE. Well, without the direct appropriation, if you are going to finance a program you would have to have a processing tax on cattle.

Mr. DOXEY. It is your thought that we put it in the bill, and leave it alone and see how the other program works out and if they are included as a basic commodity, provide some fund by direct appropriation from the Treasury, so that you will have that fund; has your Department a definite plan of action? What will happen; or would you just wait for developments in this situation? I mean, you have no definite plan worked out and you are depending on this Congress with reference to any plan on cattle, whether we make cattle a basic commodity under the Agricultural Adjustment Act; is that right?

Secretary WALLACE. Yes. But you can say that the approach would be totally different in case we get the \$100,000,000 for beef cattle.

Mr. DOXEY. In case you do not, what would the situation be then?

Secretary WALLACE. That will depend on the cattlemen themselves, and I have no means of judging what they would do. My guess is that they would probably wait until next fall before placing their stamp of approval on a processing tax. In that I may be wrong.

Mr. DOXEY. At any rate, I take it it is your position that it is necessary to have cattle in the act as a basic commodity in order that the cattle situation can be handled by the Agricultural Adjustment Administration; is that correct? That is my construction of your statement.

Secretary WALLACE. Yes; and at any rate we hope that by next fall there will be sufficient reduction in the number of cattle, or feeders, rather, coming to the market and that there will be a sufficient increase in the pay rolls in cities so that these cattle can stand the processing tax, and then you can get to work on a fundamental program which has to do with the number of she and the tubercular reactors.

It seems to me, in the light of the statement of Mr. Davis and Secretary Wallace, that the processing tax is inevitable if cattle are made a basic commodity. However, what they want the \$200,000,000 for is a question.

Mr. VANDENBERG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Michigan?

Mr. DICKINSON. I yield.

Mr. VANDENBERG. Did I correctly understand the figures which the Senator read a few moments ago as indicating that there is a \$600,000,000 potential deficit in the processing-tax fund?

Mr. DICKINSON. That is correct. I take that from page 3 of the House report made by Representative SANDLIN, item 5, in which it is shown that the appropriations for 1934 that have been allocated to the Agricultural Adjustment Administration for advances amount to \$855,739,811; that the Budget estimate for 1935 for exactly the same purpose is \$831,022,428; and amount recommended in the House bill for 1935 is \$831,022,428, a reduction of \$124,000. That is \$1,700,000,000 for 2 years.

Mr. CAREY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Wyoming?

Mr. DICKINSON. I yield if the Senator from Michigan has completed what he had to say.

Mr. VANDENBERG. Mr. President, permit me to ask the Senator from Iowa if he interprets that as the measure of the failure of the processing tax to equal bounties and benefits paid out under the act.

Mr. DICKINSON. That is exactly correct.

Mr. VANDENBERG. Then if the act presumably makes mandatory a processing tax equal to the benefit, the act has



not been administered pursuant to its intent. Is that correct?

Mr. DICKINSON. That is correct. In addition to that, I think there is a showing through the entire proceedings here that there is a hope that the bill will be passed as it has passed the House, so that the Government authorities will have \$200,000,000 to play with, and that we will not make it necessary for them to impose a processing tax in order to cover the money into the Treasury.

Mr. VANDENBERG. That is what I am afraid of, and that is what I have been trying to bring out.

Mr. DICKINSON. That is why I believe the bill should be amended so there will be absolutely no question, if they spend this money for benefits, that they will have to impose a processing tax in order to cover it back into the Treasury.

Mr. CAREY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Wyoming?

Mr. DICKINSON. I yield.

Mr. CAREY. Is not the Department permitted to make certain benefit payments? Is it possible that there will not be money to make those payments, or have they all been paid in advance?

Mr. DICKINSON. As a matter of fact, they have allocated from the Public Works Administration \$435,000,000, a part of which is being advanced under the provisions of the Agricultural Adjustment Act. They have been using those funds during the past year. There will come a time when they will have to come to Congress and say, "This is our showing. This is what we have been doing. In order to work this out, we have to have further authorization and more money." The Public Works Administration soon will have to come to Congress. They have allocated practically all of their funds.

So there will come a time when they must come and tell us how they have been playing with this big jackpot which we have voted into the hands of one individual to play with as he sees fit. It has not been handled by the one individual but by different individuals. The part relating to agriculture has been under the Agricultural Adjustment Act. In order to supplement those funds they are coming in and asking for a \$20,000,000 appropriation, hopeful, I believe, that they will be able to have it without proper legislation attached thereto that in order to spend the money for benefits they must impose a processing tax.

Let me suggest further, with reference to the pig program, that there has been paid out a total of \$16,131,095. Missouri received the largest share of any State. This money has been distributed in 41 States. I am glad to see the Senator from Missouri [Mr. CLARK] in the chair as I make this statement. His is the only State that received more than my State of Iowa. We have more pigs in Iowa than there are in Missouri, but the farmers of his State sold more to the Government in Missouri than we did in Iowa. The largest amount of money paid in any State was in Missouri, \$3,634,508.82. Iowa received \$3,570,484.26, the second largest amount. The third largest is South Dakota, which received \$3,481,596.47.

Let me suggest another thing: I understand that in Iowa a preliminary survey shows that regardless of the destruction of the brood sows and pigs there will farrow next spring, in excess of the average farrowing, about 9 to 12 percent, and the other report shows there will be an excess of farrowing of between 20 and 26 percent. In other words, it is exactly the same experience that we have been having in the case of cotton and in the case of fertilizer.

In Iowa I am told they are now selling what is called high-bred seed corn, which is being sold to the very farmer who has signed up that he is going to reduce his acreage. That seed corn is guaranteed to increase the yield from 15 to 20 bushels per acre and sometimes as high as 25 bushels per acre. So that at the same time we are reducing the number of sows to farrow we are increasing the number breeding to farrow next spring. It simply shows that the

program is one great big merry-go-round, where one hand undoes what the other one does. The Government is put to an expense of \$855,000,000 in benefits.

Mr. President, in order to present this matter a little more fully I have had prepared some data based upon a report that was received in response to a resolution introduced by the Senator from Montana, and I would like permission to insert a brief statement relating to the data as a part of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

#### HOG-PIG BUYING CAMPAIGN

"A substantial increase in the price of hogs", was the end and aim of the Secretary of Agriculture in pig-buying campaign, according to his report to the Senate in response to Senate Resolution No. 123 of January 8, 1934. The program cost the taxpayers about \$35,000,000. The result, as I interpret this 75-page response of the Secretary, was to reduce the average price of hogs on the basing market, Chicago, from \$4.32, the weekly average price obtaining July 20, 1933, to \$3.19, which average weekly price prevailed for the week ending December 16, the week during which 195,535 hogs were marketed at Chicago.

In other words, the prices declined to within 23 cents of the lowest weekly price paid during the last 10 years (\$2.95 Dec. 31, 1932). Top price paid for hogs on the Chicago market declined from \$5.55, the high attained on October 9, 1933, to \$3.25 on December 19 and December 20, 1933. The highest weekly average price reached during the fall of 1933 was \$4.75 reached October 14, the price breaking 52 cents during the week following. I quote from Secretary's opinion as to reason for this remarkable break in prices.

#### PRICE DECLINE FROM OCTOBER 9 TO 17

The decline from October 9 to 17 of about \$1 per 100 pounds was not due to the supply situation. Market supplies of hogs during this period averaged not greatly different from those of the first week of the month, and in the latter part of the period they were decreasing. The decline was due in part to a decline in the wholesale price of hog products. Product values declined at a more gradual rate than those of live hogs, however, and packers' gross margins increased.

Although announcement of the processing tax on hogs, to become effective November 5, was not made until October 17, the trade apparently was anticipating the tax a few days prior to the announcement. Hog prices declined 22 cents between October 13 (Friday) and October 16 (Monday), then dropped 30 cents more on October 17, making a total decline of 52 cents. The wholesale value of hog products declined only 12 cents during this period, thus increasing processors' gross margins 40 cents per 100 pounds. The trade apparently was uncertain as to what the rate of the tax would be and as to how to appraise its probable effect. Consequently the first response of the market was a decline in prices, notwithstanding that slaughter supplies were relatively small.

#### PRICE DECLINE FROM OCTOBER 13 TO NOVEMBER 2

The announcement of the processing tax was made on October 17, which stated that a tax rate of 50 cents per 100 pounds, live weight, would become effective on November 5, and that a tax on floor stocks would be levied on that date at a rate equivalent to the tax rate on live hogs slaughtered. Farmers, as well as processors, apparently were uncertain as to the probable immediate effect of the tax on hog prices, and shipments to market were reduced materially during the 2 weeks beginning October 16. This curtailment in supplies resulted in a sharp rise in wholesale values of hog products. The rise in wholesale value of hog products obtained from 100 pounds of live hog from October 19 to 26 amounted to 59 cents. During this period, however, hog prices declined slightly and processors' gross margins continued to widen.

With the sharp increase in slaughter supplies during the week ended November 3, processors were unable to maintain the higher level of hog-product values and such value declined sharply during the week. Another factor which probably contributed to the decline in product values was that packers apparently were moving an unusually large proportion of their floor stocks into consumption in order to escape the tax on these stocks. The decline in product values from October 27 to November 2 totaled 76 cents. This decline was accompanied by a decline in hog prices of 48 cents.

The Secretary explains the break during week ending November 3 as follows:

"The decline in prices of hogs and hog products during the week ended November 3, however, was also due in part to an increase of 14 percent in slaughter supplies during that week over those of the preceding week."

During this period the packers brought about this increased supply of hogs by increasing their purchases off the market by direct buying of 55,757 hogs week ending November 4; 75,344 hogs week ending November 11; and 92,109 hogs week ending November 18.

The sellers refused to permit the first processing tax of 50 cents to be passed back to the producers, and the deadlock referred to

by the Secretary in footnote<sup>1</sup> took place at Chicago, the packers going to the country for their hogs, thus creating abnormal receipts.

During the 3 weeks ending November 4, 11, and 18 of November 1933 the packers bought direct and shipped into Chicago 223,210 hogs as compared with 120,809 during the corresponding 3 weeks in 1932.

The Secretary explains: "When the processing tax was increased from 50 cents to \$1 per 100 pounds, live weight, on December 1, hog-product values continued unchanged, but hog prices declined 23 cents on the 1st day of the month and 13 cents in the 2 days following, making a total decline of 36 cents immediately after an increase of 50 cents in the tax. Inspected slaughter decreased during the first week of December, but it was at a higher level during the 2 following weeks, and during the latter period hog prices declined to the lowest point of the winter. The low point was reached on December 19."

This was the period when hogs reached the average price of \$3.18. After destroying over 270,000,000 pounds of live pigs bought during August and September at a cost of \$21,000,000, the Government started buying hogs for emergency relief, purchasing 8 percent of total inspected slaughter in January 1934.

A fair reading of the Secretary's response justifies the statement that a large part of the processing tax has been paid by the hog raiser, with no apparent benefit from higher prices predicted and promised by the Triple A. The stench of rotting pigs dumped near residence communities is dealt with by the Secretary while millions of people out of work could not buy food to eat.

The maximum yield of fertilizer tankage from the slaughter on the dry basis probably would have been between 20 and 25 million pounds, but after operations began it appeared that not all of the material should be saved because of the comparatively high cost of processing with respect to ultimate sale value and because of lack of adequate storage facilities at the principal processing points. After a study of the situation, administration officials decided to dispose of a large part of the product as it came from the rendering vat, and before extra expense had been incurred for drying and storing.

In a letter of instructions dated September 13, processors under contract were authorized and directed to dispose of tankage as follows:

"In consideration of the fact that the market value of dried fertilizer tankage does not offset the cost of processing, it is to be understood that no tankage shall be saved or stored for the account of the Secretary. Instead, tankage is to be disposed of in the most economical and practicable manner, at actual cost of disposal."

Again, on September 27, a letter of instruction authorized and directed the following with regard to tankage disposal:

"1. Should there be available any outlet for undried tankage at a price which partially or wholly offsets or exceeds the cost of removal and destruction, such outlet should be taken advantage of and the Government reimbursed with the net proceeds.

"2. Should there not be any outlet as described in paragraph no. 1, processors may dispose of this tankage free of charge in order to avoid other disposal charges.

"3. If undried tankage cannot be disposed of in either of the above-mentioned manners, and it is necessary to dry the tankage for disposal, this dried tankage (including tankage processed by dry melter process) shall be disposed of in the same manner as specified in paragraph no. 1 or no. 2."

On September 28, paragraph 3, of the letter of instructions dated September 27, was amended by wire to specify that dried tankage in stock or that might be produced, should not be sold or disposed of, except upon approval by the Secretary or his nominees, it being understood that tankage should not be dried except when there was no other practicable means of disposal.

Depending upon their own situation, the processors who handled light pigs used various methods of disposing of the tankage. In all cases it was required that the carcasses be completely rendered, in order that the maximum yield of grease should be obtained. After the grease was drained off, the residue was given to farmers who came to the processing plant; hauled away and dumped in places where such dumping was permissible; burned, buried, or consumed at public incinerators. In the processing of the light pigs for inedible products, the packers were reimbursed only for the cash paid for the live hogs and the initial processing charges for buying, driving, or killing, rendering into grease and fertilizer tankage, plus actual cost of tankage disposal.

Methods of disposal adopted by the processors at various points aroused criticism, especially in instances where the product was dumped at places that eventually became offensive in odor to people living nearby. Handling the tankage in a practical manner proved difficult in some cases. The administration was fully aware of the criticism which was certain to come if immediate disposal was permitted, but, on the other hand, it had to consider the practical facts that processing plants at the principal points did not have adequate facilities for completing the tankage, manufac-

turing, operating, processing, and placing in storage the large amount of available product, and that in view of the estimated low return value eventually from the finished product, a completion of the processing seemed uneconomical.

The Secretary explains that "The total reduction in tonnage for the 1933-34 marketing season, as a result of this emergency program, is estimated to be between 1,400,000,000 to 1,800,000,000 pounds of hogs, live weight, or between 12 and 16 percent." And that "This reduction can be expected to increase hog prices for the season by 25 to 35 percent, possibly 40 percent, above what they otherwise would be without the plan." The season is over and the price for the week ending February 24 was \$4.44, or 12 cents more than week ending July 20, 1933.

The weekly average of cattle and lamb prices at Chicago before, during, and since the great pig-sow buying experiment, in comparison with hog prices for same weeks, follows:

	Average		Average weekly top	
	Hogs	Lambs	Lambs	Cattle
July 20, 1933.....	4.32	7.67	8.39	7.50
Aug. 5, 1933.....	4.19	7.37	8.12	7.50
Aug. 12, 1933.....	4.06	7.76	8.53	7.40
Aug. 19, 1933.....	3.93	7.46	8.05	7.40
Aug. 26, 1933.....	3.81	7.08	7.54	7.40
Sept. 2, 1933.....	3.82	6.86	7.30	7.15
Sept. 9, 1933.....	3.85	7.03	7.48	7.00
Sept. 16, 1933.....	4.06	7.18	7.62	7.00
Sept. 23, 1933.....	4.60	7.16	7.43	7.00
Sept. 30, 1933.....	4.35	6.86	7.21	7.00
Oct. 7, 1933.....	4.68	6.74	7.32	6.90
Oct. 14, 1933.....	4.75	6.93	7.54	6.75
Oct. 21, 1933.....	4.23	6.51	7.13	6.40
Oct. 28, 1933.....	4.25	6.74	7.30	6.50
Nov. 4, 1933.....	4.00	6.34	6.87	6.40
Nov. 11, 1933.....	4.30	6.95	7.48	6.50
Nov. 18, 1933.....	4.22	6.84	7.09	6.40
Nov. 25, 1933.....	3.85	6.99	7.27	6.25
Dec. 2, 1933.....	3.58	7.08	7.35	6.85
Dec. 9, 1933.....	3.37	7.07	7.34	6.75
Dec. 16, 1933.....	3.19	7.18	7.44	7.00
Dec. 23, 1933.....	3.18	7.15	7.47	6.85
Dec. 30, 1933.....	3.28	7.51	7.89	6.50
Jan. 6, 1934.....	3.38	7.64	8.04	6.85
Jan. 13, 1934.....	3.38	7.96	8.30	7.00
Jan. 20, 1934.....	3.38	8.30	8.61	7.25
Jan. 27, 1934.....	3.40	8.84	9.26	7.35
Feb. 3, 1934.....	3.70	8.92	9.34	7.35
Feb. 10, 1934.....	4.20	9.10	9.54	7.40
Feb. 17, 1934.....	4.50	9.39	9.82	7.25
Feb. 24, 1934.....	4.44	9.36	9.78	7.35

The Secretary devotes much space to the explanation of methods employed to restrict operations of yard traders who had accumulated pigs. I cannot understand why so much effort was expended by the Triple A to prevent yard traders from disposing of pigs owned by them under the plan. If the real reason for the plan was to obtain the slaughter of pigs to prevent them from being fed and thereby increasing market tonnage, why make so much noise about so small a detail.

Consider the crime against the unemployed in the destruction of 270,000,000 pounds of pigs weighing under 80 pounds simply because packers found it inconvenient to scrape the hair from the bodies of those pigs.

The outline indicated that the purchases were to be made by processors authorized under contract and in accordance with usual buying customs under Federal inspection. The plan specified that sows, insofar as practicable, were to be converted into edible products. Carcasses from pigs over 80 pounds in weight also were to be processed into edible products. Pigs weighing 80 pounds or less were to be processed into the inedible products—grease and fertilizer tankage.

It had been pointed out that processing of pigs weighing less than 80 pounds into edible products was impracticable because of the comparatively high-processing cost per unit of cured product. Packing-house equipment, particularly dehairing machinery, is designed for larger and heavier animals and does not work efficiently on small carcasses. Processor representatives stated that supplemental hand-labor operations required for satisfactory processing of light pigs into edible products would bring the total cost of the products well above the cost of purchasing their equivalent in cured pork from packers.

It also had been pointed out that the time required for processing pigs under 80 pounds into edible products, even if considered practicable, would tend seriously to retard the marketing program. This was a consideration of some importance because it seemed certain that as soon as buying started owners of light hogs would sell as rapidly as possible, thus tending to crowd processing establishments to capacity.

I submit there is no greater delicacy than roast pig. Let me remind you of what the immortal Charles Lamb has written in his *Dissertation Upon Roast Pig*. I quote from that famous essay:

"Of all the delicacies in the whole mundus edibilis, I will maintain it to be the most delicate princeps obsoniorum. \* \* \*

"See him in the dish, his second cradle, how meek he lieth!—wouldst thou have had this innocent grow up to the grossness and indelicacy which too often accompany maturer swinehood? Ten to one he would have proved a glutton, a sloven, an obstinate, dis-

<sup>1</sup>The Chicago live-hog market was temporarily disturbed between Nov. 8 and 17, due to the failure of buyers and sellers to reach an agreement on prices, and few sales were made during that period. The accumulation of hogs at the market was reduced by purchases for Government account on Nov. 11 and 14 at prices above those offered by slaughterers. The prices shown for this period, therefore, are higher than those actually paid by slaughterers and slightly higher in relation to other markets than during the periods immediately before and after.



agreeable animal—wallowing in all manner of filthy conversation—from these sins he is happily snatched away—

"Ere sin could blight, or sorrow fade,  
Death came with timely care—"

Looking further at the report submitted by the Secretary to the Senate I find this statement:

"Based on a net relationship of Chicago hog prices and the total live weight of inspected hog slaughters for the November to May period during the last 13 years, the actual reduction in slaughter supplies of approximately 1,000,000,000 pounds as a result of the emergency program should mean an improvement in the Chicago price of hogs over what they otherwise would be to the extent of approximately \$1.80 per hundred pounds for the months November to May 1933-34. It should be kept in mind, however, that the bulk of this benefit will go to farmers in the form of benefit payments for making certain production adjustments rather than in the more familiar form of an equivalent increase in the open-market price of hogs."

Hog raisers are not going to be satisfied with anything but reasonable open-market prices of hogs.

I submit that as a real relief measure the Secretary's report proves that the hog-pig buying campaign was a complete flop.

#### Purchases and product

	Number of head	Approximate live weight	Approximate total amount paid for live hogs
1. Purchases for edible purposes:			
(a) Pigs (70-80-100 lbs.)	1,083,650	93,816,471	\$5,928,177.62
(b) Sows	222,149	79,100,364	3,355,182.28
Subtotal	1,305,799	172,916,835	9,283,359.90
2. Purchases for inedible purposes:			
(a) Light pigs	5,105,067	270,573,305	21,359,742.05
Total (all pigs and sows)	6,410,866	443,490,140	30,643,101.95

3. Yield and processing cost of edible product:	Pounds
(a) Pounds dry salt meat produced	100,145,000
(b) Shrinkage in cure	2,614,000
(c) Net yield of meat	97,531,000
(d) Amount of product ordered shipped (as of Jan. 1, 1934)	86,303,874
(e) Remainder available for distribution (subsequent to Jan. 1, 1934)	11,227,326
(f) Amount remaining for distribution (as of Jan. 25, 1934)	1,500,000
4. Yield and processing cost of inedible products:	
(a) Yield of grease	20,868,355
(b) Estimated potential yield of tankage (approximate)	25,000,000
(c) Amount of tankage saved and stored	10,086,000
(d) Total processing cost for inedible purposes (including cost of tankage disposal)	\$1,874,000

NOTE.—Figures dealing with the emergency hog-marketing program given herein are subject to revision in all instances. This report is based upon the latest available information, but the final report of the auditors for the Agricultural Adjustment Administration is not yet available. Final figures will not differ greatly from those presented herein.

#### SCHEDULE OF PRICES

The emergency price schedule, as announced, provided that from 6 to 9½ cents per pound would be paid for pigs, depending on their weight, at the base processing point (Chicago) by the processors under contract. The schedule of prices for the pigs, Chicago basis, was as follows:

#### Price per 100 pounds

25 to 30 pounds	\$9.50
31 to 35 pounds	9.25
36 to 40 pounds	9.00
41 to 45 pounds	8.75
46 to 50 pounds	8.50
51 to 55 pounds	8.25
56 to 60 pounds	8.00
61 to 65 pounds	7.75
66 to 70 pounds	7.50
71 to 75 pounds	7.25
76 to 80 pounds	7.00
81 to 85 pounds	6.75
86 to 90 pounds	6.50
91 to 95 pounds	6.25
96 to 100 pounds	6.00

Pigs were to be purchased under this schedule on basis of average weight per lot with a minimum individual weight of 25 pounds, maximum individual weight of 100 pounds, and maximum range of weight of 30 pounds on individual pigs in each lot. It was specified that premium prices would be paid only for healthy pigs, showing no bad deformities at the time of delivery. Pigs of inferior growth, usually mast fed, and commonly referred to as "range pigs", "razorbacks", and "oilies", were to be paid for at a discount of \$3 per hundredweight at any market.

#### MARKET DIFFERENTIALS

Premium prices to be paid by processors under contract at other markets than Chicago were determined by a market differential schedule prepared by the corn-hog section as follows:

#### Differential per hundredweight

Chicago	Base
Oklahoma and Texas	-\$0.60
Interior points in Iowa and Minnesota	-.40
Interior points in North Dakota, South Dakota, Nebraska, Kansas, and west Missouri	-.50
St. Paul, Sioux City, Sioux Falls, Omaha, Nebraska City, St. Joseph, Kansas City, and other points on the Missouri River	-.40
Interior points in Illinois and Wisconsin	-.20
Indiana, Kentucky, and Tennessee	-.10
Milwaukee, St. Louis, and National Stock Yards, Ill.	-.10
Michigan and Ohio	Base
All Rocky Mountain and Pacific Coast States	-.60
All points east of Ohio and north of Virginia	+.25
Georgia and Florida	-1.00
North Carolina, South Carolina, Virginia, Alabama, Mississippi, and Louisiana	-.50

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Texas [Mr. CONNALLY], which will be stated.

The CHIEF CLERK. On page 2, in lines 2 and 3, it is proposed to strike out the words "to make advance rental and/or benefit payments with respect thereto" and to insert in lieu thereof the following: "to carry out any of the purposes described in subsections (a) and (b) of this section (12) and to support and balance the markets for the dairy and beef-cattle industries."

The amendment was agreed to.

Mr. BYRD. Mr. President, I have an amendment, which I offer at this time.

The PRESIDING OFFICER. The amendment will be read for the information of the Senate.

The CHIEF CLERK. At the end of the bill insert the following new section:

SEC. 3. (a) Subsection (d) of section 9 of the Agricultural Adjustment Act, as amended, is amended by renumbering paragraph (5) as paragraph (6) and by adding after paragraph (4) a new paragraph, as follows:

"(5) In case of peanuts, the term 'processing' means the cleaning, polishing, grading, shelling, crushing, or other processing thereof."

(b) Section 11 of such act, as amended, is amended by adding after the word "tobacco" a comma and the word "peanuts."

The PRESIDING OFFICER. The question is on the amendment of the Senator from Virginia.

Mr. McNARY. Mr. President, will the Senator from Virginia permit discussion of his amendment to go over until tomorrow? I think it was rather understood between myself and the Senator from Texas [Mr. CONNALLY] that after the disposal of his amendment we would probably recess until tomorrow at 12 o'clock.

Mr. CONNALLY. Mr. President, permit me to inquire whether a unanimous-consent agreement fixing a time to vote on the bill would necessitate a quorum call?

The PRESIDING OFFICER. It would.

Mr. McNARY. I first wanted to know from the Senator from Virginia [Mr. Byrd] if he is willing to postpone consideration of his amendment until we meet tomorrow?

Mr. CONNALLY. I understood that; but I want to suggest to the Senator from Oregon that I am very anxious to get a vote on the bill, and I was going to try to get an agreement to vote on it at a specific hour tomorrow.

Mr. McNARY. I do not think the Senator can get such an agreement. If I were in his place, I would not press a request of that kind at this time.

Mr. McKELLAR. Mr. President, why can we not go on this afternoon? There is a very important appropriation bill which is to come up immediately after we finish with the bill which the Senator from Texas has in charge. It is an emergency matter, the air-mail appropriation bill. I hope we can get a vote on the amendment of the Senator from Virginia this afternoon.

<sup>1</sup> This schedule applied to pigs originating in this area wherever marketed.

Mr. McNARY. We could not have a vote on the bill tonight. That is a request which, it seems to me, the Senator ought not to submit at all. It must go over until tomorrow. The debate is not going to be lengthy. If the Senator from Texas [Mr. CONNALLY] will be patient, in my judgment he will have no difficulty in getting a vote tomorrow afternoon. If the Senator from Tennessee [Mr. McKELLAR] will do likewise, we will reach his appropriation bill very shortly tomorrow.

Mr. McKELLAR. I am very anxious to get a vote on the appropriation bill.

Mr. McNARY. I understand that. I am appealing to the Senator from Virginia [Mr. BYRD] to permit his amendment to go over until tomorrow. Is that satisfactory to the Senator from Virginia?

Mr. BYRD. Mr. President, I have no objection to the consideration of the amendment tomorrow. I do not think it will require much discussion, though; and if the Senator is willing to proceed with the consideration of it this evening I shall be glad to have that done.

Mr. McNARY. I am sure the Senator will desire to make some explanation of the amendment. Some questions will be propounded to him, and I am sure the discussion will continue until late in the evening. It is the desire of many Senators who are present to return to their offices to keep appointments and look after their mail, and other Senators have already left.

Mr. CONNALLY. Would the Senator object to recessing at 5:30, let us say, and letting the Senator from Virginia discuss his amendment now?

Mr. McNARY. I am not in charge of the floor. I am always willing to cooperate.

Mr. CONNALLY. I desire to go along with the Senator from Oregon, but I think it would be well for the Senator from Virginia to discuss his amendment tonight, so that the discussion will appear in the RECORD tomorrow.

Mr. McNARY. I assumed that I was doing the Senator from Virginia a great kindness in not desiring to have him go on at this late hour. I am sure the same kindness would be extended to every Senator here if he could be permitted to go to his office about this time.

Mr. CONNALLY. Very well.

MESSAGE FROM THE HOUSE—ENROLLED BILL AND JOINT RESOLUTION SIGNED

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bill and joint resolution, and they were signed by the Vice President:

S. 1083. An act authorizing adjustment of the claim of the Potomac Electric Power Co., of Washington, D.C.; and

H.J.Res. 290. Joint resolution to provide an appropriation to carry into effect the act entitled "An act to provide for loans to farmers for crop production and harvesting during the year 1934, and for other purposes", approved February 23, 1934.

CONSERVATION OF WILD-LIFE RESOURCES—DUCK STAMP BILL

Mr. McNARY. Mr. President, I desire to call up another matter which will take only a moment.

A few days ago the Senate passed an important amendment to the Migratory Bird Act. A similar bill was passed by the House. It contained a minor amendment. The House bill is on the Senate Calendar. I ask unanimous consent that we may take up the House bill and pass it.

Mr. McKELLAR. May the bill be read?

Mr. McNARY. I spoke to the Senator from Arkansas [Mr. ROBINSON] about the bill, and it is satisfactory to him.

The PRESIDING OFFICER. The Senator from Oregon asks unanimous consent for the present consideration of a bill, the title of which will be read.

The CHIEF CLERK. A bill (H.R. 5632) to supplement and support the Migratory Bird Conservation Act by providing funds for the acquisition of areas for use as migratory-bird sanctuaries, refuges, and breeding grounds, for developing and administering such areas, for the protection of certain

migratory birds, for the enforcement of the Migratory Bird Treaty Act and regulations thereunder, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. CONNALLY. Will there be any debate on the bill?

Mr. McNARY. No; not at all.

Mr. TRAMMELL. Mr. President, I think it would be a good idea to have the bill read. Many of us do not know what it is about.

Mr. McNARY. A similar bill passed the Senate a week ago, and the House has passed its own bill with a slight amendment which I can specify.

Mr. TRAMMELL. What is the substance of it?

Mr. McNARY. It is a bill for the conservation of wild life by protecting migratory-bird flights. The House has passed the bill. It exempts persons under 16 from its provisions, and also provides that no license fee shall be charged against the owner of the property. A substantially similar bill passed the Senate. The House bill contains a slight amendment of the provisions of the Senate bill. The House bill is on the Senate Calendar, and I ask that it be taken up and passed at this time. I have spoken to the Senator from Arkansas [Mr. ROBINSON] about the bill, and he said it is satisfactory to him.

Mr. TRAMMELL. The bill does not deal with the requirement of a license; does it? Does it carry with it any license imposition?

Mr. WALCOTT. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Connecticut?

Mr. McNARY. I yield to the Senator from Connecticut, the chairman of the special committee.

Mr. WALCOTT. I did not understand the question of the Senator from Florida.

Mr. TRAMMELL. I understand from one of the Senators that the bill does not deal with the question of imposing an additional license tax. I am rather of the impression, generally speaking, that we have already gone almost too far in imposing fees and taxes upon people for hunting privileges in regard to migratory birds. I do not want any measure of that character to go through here. I understand, however, that this bill does not do anything of the kind.

Mr. WALCOTT. I do not think the Senator from Florida understands this bill. It is almost identical with a bill that passed the Senate without opposition a week or 10 days ago. This bill was introduced in the House yesterday or day before and passed without opposition. The two bills are identical, with the two exceptions just indicated by the Senator from Oregon. One of them exempts from the provisions of the bill all persons under 16 years of age. The other exempts the owner of the property from paying the fee of a dollar if he intends to shoot migratory waterfowl on his own property.

The bill is designed to raise a fund for the purchase of sanctuaries and refuges. Ninety percent of the fund is to be used for that purpose and 10 percent for the maintenance of those areas. I may add that Florida is one of the States most affected advantageously by the provisions of the bill.

Bills on this subject have already passed both the Senate and the House. Two slight changes, as I have stated, were incorporated in the House bill. All we are asking is that the House bill be passed at this time, inasmuch as it is a revenue-raising measure. If the House bill shall be passed, that will be the end of it.

Mr. TRAMMELL. Does it relax or does it increase the tax imposition on those who hunt migratory birds?

Mr. WALCOTT. If I understand the question correctly, the bill does not increase the tax; it merely provides for a hunter's license.

Mr. FESS. Mr. President, the Senator asks whether the bill relaxes in some respects the license feature. It does to the extent that it does not require a license of the owner of the property.

Mr. WALCOTT. Precisely.



Mr. TRAMMELL. If that is the case, I have no objection. The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That after the expiration of 90 days after the date of enactment of this act no person over 16 years of age shall take any migratory waterfowl unless at the time of such taking he carries on his person an unexpired Federal migratory-bird hunting stamp issued to him in the manner hereinafter provided; except that no such stamp shall be required for the taking of migratory waterfowl by Federal or State institutions or official agencies, for propagation purposes or by the resident owner, tenant, or share cropper of the property or officially designated agencies of the Department of Agriculture for the killing of such waterfowl when found injuring crops or other property, under such restrictions as the Secretary of Agriculture may by regulation prescribe. The Secretary of Agriculture shall, immediately upon the passage of this act, adopt and promulgate such regulations as are pertinent to the protection of private property in the injury of crops. Any person to whom a stamp has been issued under this act shall upon request exhibit such stamp for inspection to any officer or employee of the Department of Agriculture authorized to enforce the provisions of this act or to any officer of any State or any political subdivision thereof authorized to enforce game laws.

SEC. 2. That the stamps required under this act shall be issued, and the fees therefor collected, by the Post Office Department, under regulations prescribed jointly by the Secretary of Agriculture and the Postmaster General: *Provided*, That stamps shall be issued at the post office or post offices of all county seats in the several States, at all post offices in all cities with a population of 2,500 or over, and at such other post offices as said officers may by regulation prescribe. Each such stamp shall, at the time of issuance, be affixed adhesively to the game license issued to the applicant under State law, if the applicant is required to have a State license, or, if the applicant is not required to have a State license, to a certificate furnished for that purpose by the Post Office Department at the time of issuance of such stamp. For each such stamp issued under the provisions of this act there shall be collected by the postmaster the sum of \$1. Each such stamp shall expire and be void after the 30th day of June next succeeding its issuance.

SEC. 3. Nothing in this act shall be construed to authorize any person to take any migratory waterfowl otherwise than in accordance with regulations adopted and approved pursuant to any treaty heretofore or hereafter entered into between the United States and any other country for the protection of migratory birds, nor to exempt any person from complying with the game laws of the several States.

SEC. 4. All moneys received for such stamps shall be accounted for by the postmaster and paid into the Treasury of the United States, and shall be reserved and set aside as a special fund to be known as the migratory bird conservation fund, to be administered by the Secretary of Agriculture. All moneys received into such fund are hereby appropriated for the following objects and shall be available therefor until expended:

(a) Not less than 90 percent shall be available for the location, ascertainment, acquisition, administration, maintenance, and development of suitable areas for inviolate migratory-bird sanctuaries, under the provisions of the Migratory Bird Conservation Act, to be expended for such purposes in all respects as moneys appropriated pursuant to the provisions of such act; for the administration, maintenance, and development of other refuges under the administration of the Secretary of Agriculture frequented by migratory game birds; and for such investigations on such refuges and elsewhere in regard to migratory waterfowl as the Secretary of Agriculture may deem essential for the highest utilization of the refuges and for the protection and increase of these birds.

(b) The remainder shall be available for administrative expenses under this act and the Migratory Bird Conservation Act, including reimbursement to the Post Office Department of funds expended in connection with the printing, engraving, and issuance of migratory-bird hunting stamps, and including personal services in the District of Columbia and elsewhere: *Provided*, That the protection of said inviolate migratory-bird sanctuaries shall be, so far as possible, under section 17 of the Migratory Bird Conservation Act, passed February 18, 1929.

(c) The remainder shall be available for administrative expenses under this act, including reimbursement to the Post Office Department of funds expended in connection with the issuance of stamps, and printing and engraving of the same, and for administration expenses under the Migratory Bird Treaty Act and any other act to carry into effect any treaty for the protection of migratory birds, and the Migratory Bird Conservation Act.

SEC. 5. (a) No person shall alter, mutilate, loan, or transfer to another any stamp issued to him pursuant to this act, nor shall any person other than the person to whom such stamp is issued use the same for any purpose.

(b) No person shall imitate or counterfeit any stamp authorized by this act, or any die, plate, or engraving therefor, or make, print, or knowingly use, sell, or have in his possession any such counterfeit, license, die, plate, or engraving.

SEC. 6. For the efficient execution of this act, the judges of the several courts, established under the laws of the United States, United States commissioners, and persons appointed by the Secretary of Agriculture to enforce the provisions of this act, shall have, with respect thereto, like powers and duties as are conferred upon said judges, commissioners, and employees of the Department of Agriculture by the Migratory Bird Treaty Act or any other act to carry into effect any treaty for the protection of migratory birds with respect to that act. Any bird or part thereof taken or possessed contrary to such acts shall, when seized, be disposed of as provided by the Migratory Bird Treaty Act, or acts aforesaid.

SEC. 7. Any person who shall violate any provision of this act or who shall violate or fail to comply with any regulation made pursuant thereto shall be subject to the penalties provided in section 6 of the Migratory Bird Treaty Act.

SEC. 8. The Secretary of Agriculture is authorized to cooperate with the several States and Territories in the enforcement of the provisions of this act.

SEC. 9. (a) Terms defined in the Migratory Bird Treaty Act, or the Migratory Bird Conservation Act, shall, when used in this act, have the meaning assigned to such terms in such acts, respectively.

(b) As used in this act (1) the term "migratory waterfowl" means the species enumerated in paragraph (a) of subdivision 1 of article I of the treaty between the United States and Great Britain for the protection of migratory birds concluded August 16, 1916; (2) the term "State" includes the several States and Territories of the United States and the District of Columbia; and (3) the term "take" means pursue, hunt, shoot, capture, collect, kill, or attempt to pursue, hunt, shoot, capture, collect, or kill.

#### INCLUSION OF CATTLE AS A BASIC COMMODITY

The Senate resumed the consideration of the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes.

#### RECESS

Mr. CONNALLY. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. The question is on the motion of the Senator from Texas.

The motion was agreed to; and (at 5 o'clock and 17 minutes p.m.) the Senate took a recess until tomorrow, Thursday, March 8, 1934, at 12 o'clock meridian.

#### CONFIRMATIONS

*Executive nominations confirmed by the Senate March 7 (legislative day of Feb. 28), 1934*

##### GENERAL COUNSEL FOR THE BUREAU OF INTERNAL REVENUE

Robert H. Jackson to be general counsel for the Bureau of Internal Revenue.

##### COMPTROLLER OF CUSTOMS

Thomas Temple Hoyne to be comptroller of customs in customs collection district no. 39 at Chicago, Ill.

##### COLLECTOR OF CUSTOMS

William J. O'Brien to be collector of customs for customs collection district no. 9 at Buffalo, N.Y.

##### POSTMASTERS

###### COLORADO

George M. Griffin, Brighton.

###### GEORGIA

Alexander S. Chamlee, Bartow.

###### ILLINOIS

Perry F. Arnold, Browning.

James M. Allen, Decatur.

Grover C. Norris, Effingham.

George E. Brown, Franklin.

James R. Maher, Hillside.

George E. Kull, Strasburg.

Martha G. Baily, Table Grove.

George A. Larimer, Tuscola.

###### MASSACHUSETTS

Mary L. McParlin, Sandwich.

###### NEW JERSEY

William L. Scheuerman, Basking Ridge.

John Netterman, Island Heights.

Eleanor H. White, Plainsboro.

## OKLAHOMA

Pauline M. Angevine, Dewey.  
 Millard H. Wright, Eufaula.  
 Mary B. Weathers, Grove.  
 James W. Blye, Hennessey.  
 Hugh Johnson, Hugo.  
 Delva E. Grubbs, Jenks.  
 Hiram Impson, McAlester.  
 Rex T. Strickland, Madill.  
 Jackson Willis, Maysville.  
 Charles W. Jeffress, Morris.  
 Laura L. Bennett, Mountain Park.  
 James T. Norton, Nowata.  
 John V. Cavender, Porum.  
 Monroe Burton, Poteau.  
 David S. Williams, Purcell.  
 George W. Shed, Sasakwa.  
 John C. Bennett, Tishomingo.  
 James McK. Williams, Walters.  
 Brooke L. Wallace, Wayne.  
 McGilbray D. Harmon, Webbers Falls.

## WISCONSIN

Sheldon S. Chandler, Brooklyn.  
 Charles L. Haessly, Ellsworth.  
 Aloysius W. Fries, Kenosha.  
 Meridan D. Anderson, Omro.  
 Grover E. Falck, Seymour.  
 Louis J. Thompson, Spooner.  
 John C. Reinke, Stone Lake.  
 John H. Arent, West De Pere.

## WYOMING

Albert E. Holliday, Laramie.

## HOUSE OF REPRESENTATIVES

WEDNESDAY, MARCH 7, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Our Heavenly Father, the One above all imperfection and above the touch of sin, hallowed be Thy name. We praise Thee that there is always an unwavering light, namely, Thy merciful providence. When faith is dim and hope is low, in the dearth of rest and in the defiles of doubt, at evening time and when the day is far spent, lo, Thou art with us. O continue to look upon us with divine favor; lay Thy hand upon us and bear Thy shadow in our souls. We thank Thee for the rays of the morning promise and for the cloudless sky of assurance. Illuminate our understanding, O Lord God; balance our judgments, season our tempers, and quicken our foresight. Give us pitying hearts that shall sympathize with human woe. May we feel the need of the weary, the pulse of the struggling, and the burden of the homeless. In these stony places of human experience establish Thou our work. In the holy name of Jesus. Amen.

The Journal of the proceedings of yesterday was read and approved.

## BUSINESS CONDITIONS

Mr. LUDLOW. Mr. Speaker, last Monday one of our colleagues, the gentleman from Indiana, JAMES I. FARLEY, made a very valuable and informative address on the subject of direct loans to industry. Mr. FARLEY is one of the outstanding business men of our State, a former president of the Auburn Automobile Co., and a wise and safe counselor in business affairs. His speech is a very valuable contribution to the discussion of this important subject, and I ask unanimous consent to have it printed in the CONGRESSIONAL RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. LUDLOW. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following statement of

HON. JAMES I. FARLEY, of Indiana, before the Subcommittee on Banking and Currency, House of Representatives:

Mr. DISNEY and gentlemen of the committee, I am not a member of this Subcommittee of the Committee on Banking and Currency; I am just here by the grace of the subcommittee this morning, and I would not want to do something unethical so far as my committee is concerned, because there are some gentlemen on this committee whom I respect for their very fine character and splendid judgment and long years of experience in matters of this character. I should like to make it quite clear to you, Mr. Chairman, that what I have to say has nothing whatever to do with the company I was identified with for 20 years. We were fortunately in a very beautiful financial position. We started our business, and early, by economy and careful operation and very moderate salaries, were able always to keep our own position good.

When I thought of some of the things Mr. LUDLOW was talking about this morning, I remembered when we often were approached by the First National Bank in Chicago, where we carried our major account, and urged to borrow money at 1½ percent per annum, so that, having been connected with an account that had been maintained for years with a rating of Aa-A1, I cannot thoroughly sympathize with business men who are wondering where they are going to get their money.

Our business was just a little different. We came in the time when the automobile was being developed and growing in popular favor. For many years our problem was not one of selling our merchandise, but wholly one of producing it. I want to say to you, that considering some of the hectic times we had in those years back in 1907, and again in 1914, and then in 1920, we might not be in existence as a company today if it had not been for the fact that we were in a position where we had plenty of working capital.

There are some very gigantic institutions in the automobile industry. Our business depended largely upon our being able to get something new in models, some new device making it a more satisfactory piece of machinery to own. Sometimes we made a mistake in getting what the public might demand; and if it had not been that we were in a sufficiently strong cash position at many times to reduce our prices and likewise go out in the open market and buy merchandise at a discount from distressed manufacturers, I do not know what might have happened to us.

So I am not speaking in any sense for that firm, because their cash balance was always sufficient to take care of their business, and they are likewise in that situation today.

However, there are many small industries which are not in that position. I was particularly impressed with the remark made by Mr. Roosevelt in his radio address some weeks ago, in which he said that the future of America depended upon keeping the small communities intact. In other words, instead of having factories in the small towns close and having the laborers migrate to the large cities, it would be much better to keep the small communities intact, to keep the people living in the small towns rather than to let them go into the large cities. I think he was very sincere in that, as in all the other of his pronouncements; but how are you going to keep communities intact if they close the factories?

Last evening I talked with some gentleman very late into the night, two or three of them from Texas, and they were talking over the various problems which they have. There are many manufacturing industries in that State.

In a number of States there are very few manufacturing institutions. Many counties do not have within their borders a single factory. They are agricultural and depend on farming and stock-raising, hence they do not have the need for the same assistance as strictly industrial small communities.

In the State of Indiana I would say off-hand that nearly every county seat and many other towns in the counties have one or more manufacturing plants that are dependent entirely at this time on being able to secure some assistance in order to continue.

I have in mind a little plant in my State employing some 125 to 160 people all the time, every day in the year except holidays. At their peak time they employ about 200 people. They sell their merchandise all over America, and also sell it in various foreign countries.

Take this particular case—when the stock market break came in 1929 they thought this was a temporary setback, that prosperity was soon to return, and they were asked not to reduce wages or lay off employees. Fortunately, during the period of 1930, they enjoyed a fair volume of sales, and while concerns all around were drastically cutting salaries and laying off employees, they did not do it, although the interest of both the employees and the company would have been served better had they done so at that time.

Their company has put up a strong fight to obtain what business they could, but in spite of the most intensive work the past 4 years of their sales volume has gradually dropped down until in the year 1933 it was just half that of 1931. They have been constantly cutting expenses in order to survive. The bank moratorium of 1933 caused many failures among concerns with whom they were dealing. Their loss on bad debts in 1933 was the largest they have experienced in 20 years.

In the crash they were caught with a lot of small accounts, these small merchants with whom they deal being unable to pay. It costs them an unusual amount of money to make these collections, but during this time they have been able to live and are now